### SENATE BUDGET REPORT HB 406/SCS

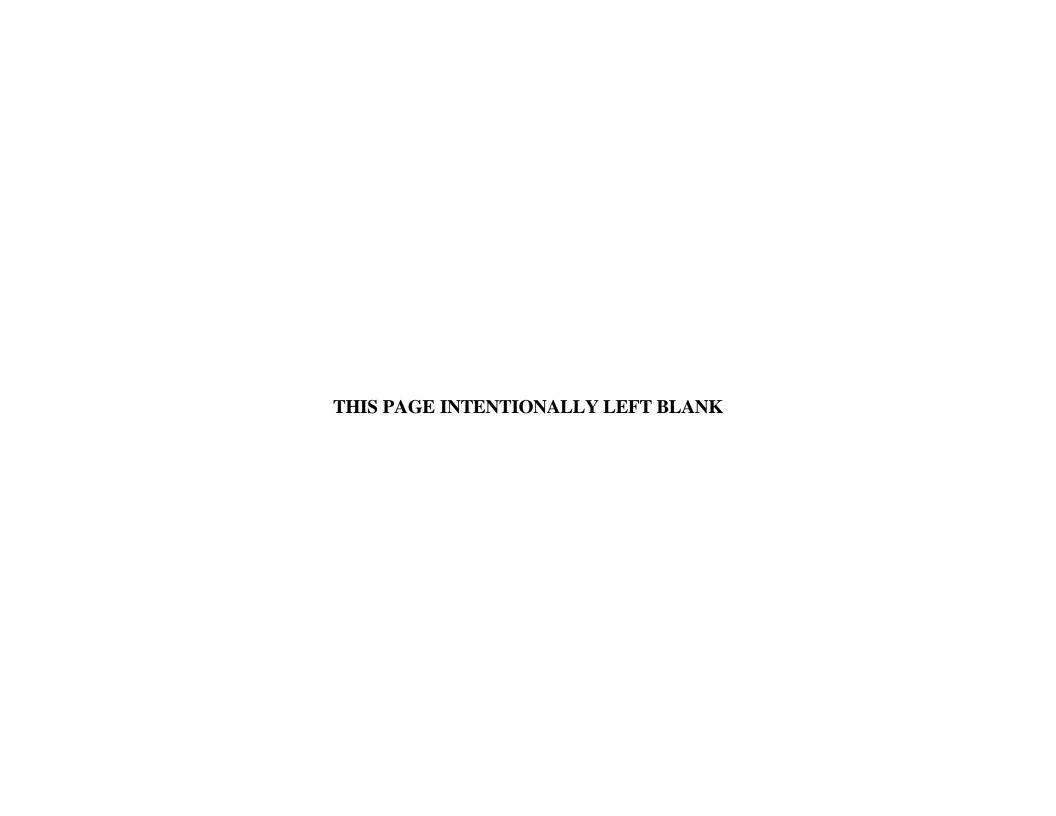
### 2008 SESSION OF THE GENERAL ASSEMBLY

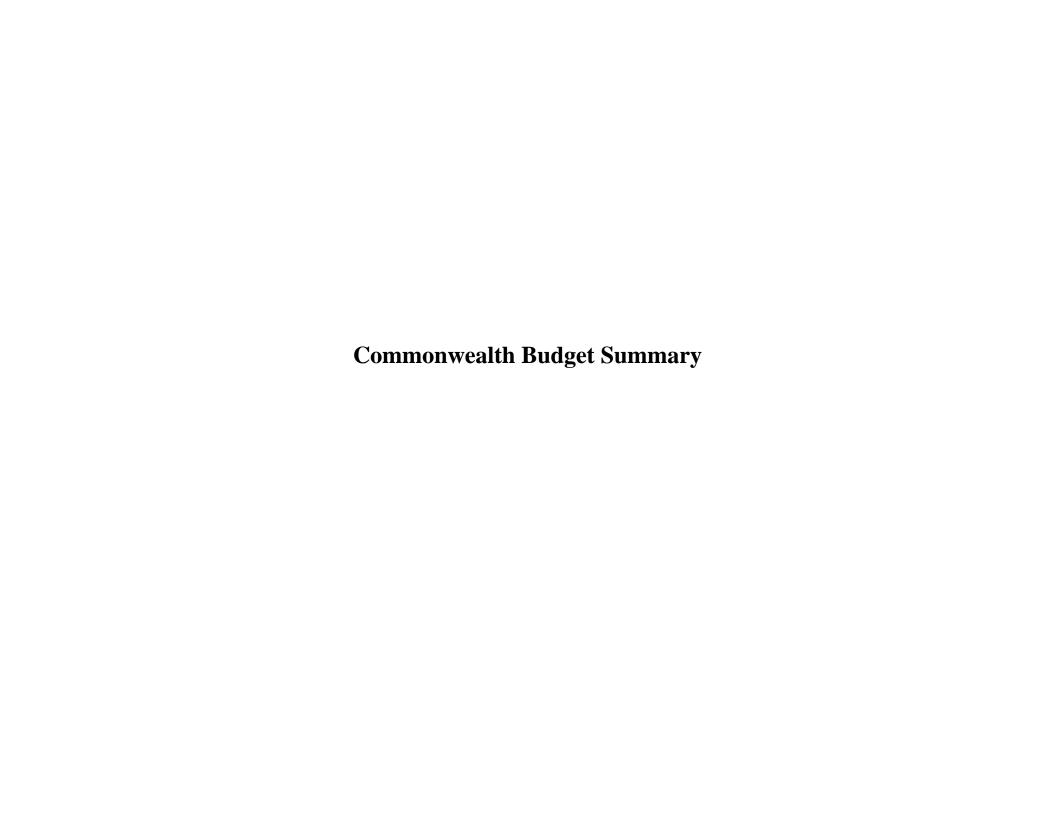
### **VOLUME I**

**Commonwealth Budget Summary General and Special Parts and Sections** 

Legislative Research Commission Office of Budget Review

March 24, 2008







### FB 2008-2010 SENATE BUDGET REPORT 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY GENERAL FUND BUDGET SUMMARY

FY 2007-2008 FY 2008-2009 FY 2009-2010 House House House Senate Senate Difference Senate Difference Difference RESOURCES 579,280,800 579,280,800 59,868,600 60,182,000 313,400 75,545,200 31,505,700 (44,039,500) Undesignated Balance Continued Appropriations Reserve Branch Regular 57.124.900 57.124.900 18,671,900 18,671,900 7,793,900 7,793,900 Tobacco Settlement 57,159,100 57,159,100 19,903,700 19,903,700 3,960,900 3,960,900 Budget Reserve Trust 231,489,700 231,489,700 214,775,400 214,775,400 214,775,400 214,775,400 Reserve Subtotal 345,773,700 345,773,700 253,351,000 253,351,000 226,530,200 226,530,200 Revenue Consensus Revenue Estimate 8,633,038,000 8,633,038,000 8,823,597,000 8,823,597,000 9,096,259,000 9,096,259,000 Tobacco Settlement 117,470,000 117,470,000 119,690,000 119,690,000 121 580 000 121,580,000 Revenue Measures 143,300,000 (1,200,000)(144,500,000) 146,600,000 (1,200,000)(147,800,000) Revenue Subtotal 8,750,508,000 8,750,508,000 9,086,587,000 8,942,087,000 (144,500,000) 9,364,439,000 9,216,639,000 (147,800,000) **Existing Fund Transfers** 76,089,200 76,089,200 Fund Transfers - Budget Reduction 51,198,200 51,198,200 Fund Transfers Recommended 44,252,400 44,565,800 313,400 266,287,400 293,726,800 27,439,400 105,512,800 127,101,100 21,588,300 Other Resources 40,050,000 94,663,000 54,613,000 16,750,000 72,361,100 55,611,100 TOTAL RESOURCES 9,847,102,300 9,847,415,700 313,400 9,706,144,000 9,644,009,800 (62,134,200) 9,788,777,200 9,674,137,100 (114,640,100) APPROPRIATIONS Executive Budget (HB406) 9.014.577.200 9.014.577.200 9.196,559,100 9.053,314,400 (143,244,700) 9.546,367,600 9.319.573.300 (226,794,300) Regular Operating Mandated Allotments (NGE) 50,200,000 50,200,000 Budget Reduction Order (65, 262, 400) (65,262,400) General Fund Current Year 150,603,300 150,603,300 Other - Dedicated Revenues 9,379,100 9,379,100 Budget Reserve Trust / Surplus Plan (16,714,300) (16,714,300) (198,739,000) (198,734,800) 4 200 RS 2007 Appropriations (excluding BRTF) 19,547,300 19,547,300 SS 2007 HB1 12,619,500 12,619,500 Phase I Tobacco Settlement 117,470,000 117,470,000 119,690,000 119,690,000 121,580,000 121,580,000 Capital 11,103,000 11,103,000 **Executive Subtotal** 9,303,522,700 9,303,522,700 9,316,249,100 9,173,004,400 (143,244,700) 9,469,208,600 9,242,418,500 (226,790,100) Use of Continued General Fund 45,036,900 45,036,900 Use of Continued Tobacco 37,255,400 37,255,400 15,942,800 15,942,800 3 960 900 3 960 900 16,714,300 Use of Continued Budget Reserve Trust 16,714,300 198,739,000 198,734,800 (4,200)Total Executive 9,402,529,300 9,402,529,300 9,332,191,900 9,188,947,200 (143,244,700) 9,671,908,500 9,445,114,200 (226,794,300) Legislative Budget (HB407) Regular Operating 50,182,200 50,182,200 52,712,900 52,712,900 55,452,600 55,452,600 Budget Reduction (937,000) (937,000) Use of Continued General Fund 2.232.900 2.232.900 (1.154.000)(1.154.000)981.000 981.000 Total Legislative 51,478,100 51,478,100 51,558,900 51,558,900 56,433,600 56,433,600 Judicial Budget (HB408) 279,376,500 279,376,500 50,000 295,885,800 Regular Operating 265,785,800 265,835,800 295,885,800 Judicial Efficiencies (2.500,000) (2.500.000) Budget Reduction (1,964,800) (1,964,800) Use of Continued General Fund (8.816.800) (8.816.800) 12.032.000 12.032.000 508.400 508.400 **Total Judicial** 266,094,900 266,094,900 277,817,800 277,867,800 50,000 296,394,200 296,394,200 Special Bills 10,024,736,300 Appropriations Subtotal 9,720,102,300 9,720,102,300 9,661,568,600 9,518,373,900 (143,194,700) 9,797,942,000 (226,794,300) **Budget Lapse / Savings** (186,219,600)(186,219,600) (257,500,000) (132,400,000)125,100,000 (257, 250, 000)(146,150,000)111,100,000 Technical Error HB406 (1,050,000)1.050,000 TOTAL APPROPRIATIONS 9,533,882,700 9,533,882,700 9,404,068,600 9,385,973,900 (18,094,700) 9,766,436,300 9,651,792,000 (114,644,300) BALANCE 313,219,600 313,533,000 313,400 302,075,400 258,035,900 (44,039,500) 22,340,900 22,345,100 4,200 Continued Appropriations Reserve Branch Regular 18,671,900 18,671,900 7,793,900 7,793,900 6,304,500 6,304,500 Tobacco Settlement 19,903,700 19,903,700 3,960,900 3,960,900 Budget Reserve Trust 214,775,400 214,775,400 214,775,400 214,775,400 16,036,400 16,040,600 4,200 Total Reserve 253,351,000 253,351,000 226,530,200 226,530,200 22,340,900 22,345,100 4,200 UNDESIGNATED BALANCE 313,400 59,868,600 60,182,000 75,545,200 31,505,700 (44,039,500)

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# FB 2008-2010 SENATE BUDGET REPORT 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY OTHER BUDGETARY RESOURCES

		FY 2007-2008			FY 2008-2009		FY 2009-2010			
TABLE I - OTHER BUDGETARY RESOURCES Source	House	Senate	Difference	House	Senate	Difference	House	Senate	Difference	
Continuing Revenue Actions - Vendor Compensation				9,900,000	9,900,000		10,300,000	10,300,000		
Abandoned Property receipts greater than forecasted Royalty Payments from sale of natural resources at the				29,900,000	29,900,000		6,200,000	6,200,000		
Wendell H. Ford Regional Training Center				1,000,000	1,000,000		1,000,000	1,000,000		
Cigarrette Papers Tax Adjustment				(750,000)	(750,000)		(750,000)	(750,000)		
Increased Lottery Participation					54,613,000	54,613,000		55,611,100	55,611,100	
<b>Total Other Budgetary Resources</b>		- <del> </del>		40,050,000	94,663,000	54,613,000	16,750,000	72,361,100	55,611,100	

		FY 2007-2008			FY 2008-2009		]	FY 2009-2010	
TABLE II - REVENUE MEASURES	House	Senate	Difference	House	Senate	Difference	House	Senate	Difference
Source HB 538 - Exclusion of Sales Tax for OTC Drugs HB 262 - Revenue Measures				(1,200,000) 144,500,000	(1,200,000)	(144,500,000)	(1,200,000) 147,800,000	(1,200,000)	(147,800,000)
Total Revenue Measures				143,300,000	(1,200,000)	(144,500,000)	146,600,000	(1,200,000)	(147,800,000)
TOTAL TABLES I AND II				183,350,000	93,463,000	(89,887,000)	163,350,000	71,161,100	(92,188,900)

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# FB 2008-2010 SENATE BUDGET REPORT 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY BUDGET LAPSES AND OTHER SAVINGS

		FY 2007-2008		F	Y 2008-2009		F	Y 2009-2010	
Budget Lapses	House	Senate	Difference	House	Senate	Difference	House	Senate	Difference
Lapses due to HB380 Line Item Vetos	(11,576,000)	(11,576,000)	_			_			_
Debt Service - Finance	(93,285,000)	(93,285,000)	_			_			_
Debt Service - SFCC	(8,600,000)	(8,600,000)	_			_			_
Education Excess SEEK	(43,771,500)	(43,771,500)	_			_			_
LARS - Reading and Math Continuing Appropriation	(12,000,000)	(12,000,000)				-			-
LARS - Health Insurance Estimate	(6,000,000)	(6,000,000)	_			_			_
State Salary Compensation Fund	(5,109,600)	(5,109,600)	_			_			_
Public Transportation	(2,950,000)	(2,950,000)	-			_			-
Registry of Election Finance	(61,100)	(61,100)	_			_			_
Tourism	(99,600)	(99,600)	_			_			_
Economic Development - Secretary	(237,000)	(237,000)	-			_			-
New Business Development	(131,500)	(131,500)	-			_			-
Existing Business Development	(179,800)	(179,800)	-			_			-
Deaf and Hard of Hearing	(101,000)	(101,000)	-			-			-
Libraries and Archives	(282,900)	(282,900)	-			-			-
Natural Resources	(251,800)	(251,800)	-			-			-
Mine Reclamation and Enforcement	(89,100)	(89,100)	-			-			-
Board of Claims/Crime Victims' Compensation Board	(24,100)	(24,100)	-			-			-
Housing, Buildings, and Construction	(133,100)	(133,100)	-			-			-
Public Health	(181,200)	(181,200)	-			-			-
Health Policy	(17,300)	(17,300)	-			-			-
State Group Health Insurance	(138,000)	(138,000)	-			-			-
Public Service Commission Lapse	(1,000,000)	(1,000,000)	-	(2,500,000)	(2,500,000)	-	(2,250,000)	(2,250,000)	-
Total Budget Lapse	(186,219,600)	(186,219,600)	-	(2,500,000)	(2,500,000)	-	(2,250,000)	(2,250,000)	
Other Savings									
Part III General Provisions Efficiencies Savings			-	(255,000,000)		255,000,000	(255,000,000)		255,000,000
Lapses due to retiree vacancies					(85,000,000)	(85,000,000)		(85,000,000)	(85,000,000)
Efficiencies and Debt Servce Lapses					(44,900,000)	(44,900,000)		(58,900,000)	(58,900,000)
Total Other Savings			-	(255,000,000)	(129,900,000)	125,100,000	(255,000,000)	(143,900,000)	111,100,000
Total Budget Lapse / Savings	(186,219,600)	(186,219,600)		(257,500,000)	(132,400,000)	125,100,000	(257,250,000)	(146,150,000)	111,100,000
Total Dauget Lapse / Savings	(100,217,000)	(200,217,000)		(207,000,000)	(152,100,000)	120,100,000	(207,200,000)	(1-10,12-0,000)	111,100,000

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ouse idget	Senate						Fiscal Year 2009-2010		
	Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	
300,000		(300,000)							
opment									
			2,200,000	2,200,000		2,200,000	2,200,000		
572,800	572,800								
elopment Fu	nd								
			14,527,800	14,527,800		14,551,500	14,551,500		
			1,347,000	1,347,000		1,347,000	1,347,000		
			350,000	350,000		350,000	350,000		
440,000	440,000		57,800	57,800					
100,000	100,000		54,200	54,200					
35,000	35,000								
			312,200	312,200					
Therapists									
			13,600	13,600					
al Counselors	S								
			1,900	1,900					
	572,800  relopment Fu  440,000  100,000  35,000	572,800 572,800  /elopment Fund  440,000 440,000  100,000 100,000  35,000 35,000	572,800 572,800  /elopment Fund  440,000 440,000  100,000 100,000  35,000 35,000	2,200,000  572,800 572,800  relopment Fund  14,527,800  1,347,000  350,000  440,000 440,000 57,800  100,000 35,000  312,200  Therapists  13,600  al Counselors		2,200,000 2,200,000  572,800 572,800  relopment Fund  14,527,800 14,527,800  1,347,000 1,347,000  440,000 440,000 57,800 57,800  100,000 100,000 54,200 54,200  35,000 35,000  Therapists  13,600 13,600  13,600	2,200,000 2,200,000 2,200,000  572,800 572,800  **Polyment Fund**  14,527,800 14,527,800 14,527,800 14,551,500  1,347,000 1,347,000 1,347,000  440,000 440,000 57,800 57,800  100,000 100,000 54,200 54,200  35,000 35,000  Therapists  13,600 13,600  100,000 13,600	2,200,000   2,200,000   2,200,000   2,200,000   2,200,000	

	Fiscal Year 2007-2008		8	Fisc	cal Year 2008-200	)9	Fiscal Year 2009-2010		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Chiropractic Examiners									
13 Agency Revenue Fund				95,400	95,400				
Dentistry									
14 Agency Revenue Fund (KRS 313.350)	128,000	128,000		435,000	435,000				
<b>Embalmers and Funeral Dire</b>	ectors								
15 Agency Revenue Fund (KRS 316.125 and KRS 316.	210)			113,300	113,300				
<b>Examiners and Registration</b>	of Landscape Are	chitects							
16 Agency Revenue Fund				53,000	53,000				
Examiners of Psychology									
17 Agency Revenue Fund (KRS 319.131)	90,000	90,000		101,400	101,400		45,000	45,000	
Hairdressers and Cosmetolo	ogists								
18 Agency Revenue Fund (KRS 317A.080)	280,000	280,000		138,000	138,000		50,000	50,000	
Interpreters for the Deaf and	Hard of Hearing								
19 Agency Revenue Fund (KRS 309.306)				54,700	54,700				
Licensed Professional Cour	nselors								
20 Agency Revenue Fund (KRS 335.520)	35,000	35,000		198,300	198,300		75,000	75,000	
Licensure and Certification	for Dietitians and	Nutritionists							
21 Agency Revenue Fund (KRS 310.041(7))	1,000	1,000		44,000	44,000				
Licensure for Massage Ther	ару								
22 Agency Revenue Fund (KRS 309.356)	14,000	14,000		146,700	146,700				
Licensure for Occupational	Therapy								
23 Agency Revenue Fund (KRS 319A.060)	3,500	3,500		98,900	98,900		80,000	80,000	
Licensure for Professional E	Engineers and La	nd Surveyors							
24 Agency Revenue Fund (KRS 322.420)	470,000	470,000		320,400	320,400				

_	Fiscal Year 2007-2008			Fisc	cal Year 2008-200	09	Fiscal Year 2009-2010		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Licensure of Marriage and									
25 Agency Revenue Fund (KRS 335.342)	, ,			12,200	12,200				
Medical Licensure									
26 Agency Revenue Fund (KRS 311.610)	670,000	670,000		249,600	249,600				
Nursing									
27 Agency Revenue Fund (KRS 314.161)	1,700,000	1,700,000		343,700	343,700				
Optometric Examiners									
28 Agency Revenue Fund (KRS 320.360)	15,000	15,000		56,900	56,900				
Pharmacy									
29 Agency Revenue Fund (KRS 315.195)	190,000	190,000		300,000	300,000		300,000	300,000	
Physical Therapy									
30 Agency Revenue Fund (KRS 327.080)				281,100	281,100				
Podiatry									
31 Agency Revenue Fund (KRS 311.450(3))				25,000	25,000		25,000	25,000	
Private Investigators									
32 Agency Revenue Fund (KRS 329A.030)				35,800	35,800				
Proprietary Education									
33 Agency Revenue Fund (KRS 165A.380)				142,800	142,800		30,000	30,000	
Real Estate Appraisers									
34 Agency Revenue Fund (KRS 324A.065)				47,100	47,100				
Real Estate Commission									
35 Agency Revenue Fund (KRS 324.410)	1,180,000	1,180,000							

	Fiscal Year 2007-2008		Fisc	cal Year 2008-200	9	Fiscal Year 2009-2010			
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Registration for Professiona	al Geologists								
36 Agency Revenue Fund	50,000	50,000		126,000	126,000				
(KRS 322A.050)									
Respiratory Care									
37 Agency Revenue Fund	24,000	24,000		14,300	14,300				
(KRS 314A.215(3))									
Social Work									
38 Agency Revenue Fund (KRS 335.140)	83,000	83,000		101,600	101,600		80,000	80,000	
Speech-Language Patholog	y and Audiology								
39 Agency Revenue Fund	30,000	30,000		85,900	85,900		75,000	75,000	
(KRS 334A.120)									
Veterinary Examiners									
40 Agency Revenue Fund	11,500	11,500		139,900	139,900				
(KRS 321.320)									
Commerce Cabinet									
Tourism									
41 Agency Revenue Fund	1,086,600	1,700,000	613,400						
42 Agency Revenue Fund	1,000,000	1,000,000							
(KRS 142.406(2)(3))									
Fish and Wildlife Resources	5								
43 Kentucky Wetland and Stream Mitigation Fund				10,000,000	10,000,000				
(KRS 150.255(3)) A \$10,000,000 capital appropused to replace this transfer			rojects Budget, of this A	Act will be					
Economic Development	Cabinet								
Financial Incentives									
44 Kentucky Economic Development Finance Authority				23,000,000	23,000,000				
(KRS 154.20-010 to 154.20-154.20-520)	150 and								
45 Other Special Revenue Fund	1,197,000	1,197,000		1,200,000	1,200,000		1,200,000	1,200,000	
Balances Remaining in the S shall lapse to the General Fu escrow for payments of cons	and Surplus Account at								

_	Fisc	al Year 2007-200	08	Fisc	cal Year 2008-200	9	Fisc	cal Year 2009-201	.0
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Existing Business Develop	ment								
<sup>46</sup> Agency Revenue Fund	10,800	10,800							
Education Cabinet									
Kentucky Educational Telev	vision								
47 Agency Revenue Fund	2,000,000	2,000,000							
<b>Environmental and Publ</b>	ic Protection Ca	binet							
General Administration and	l Program Support	1							
48 Kentucky Heritage Land Conservation Fund				10,000,000	10,000,000				
(KRS 146.570) A \$10,000,000 capital approused to replace this transfer			Projects Budget, of this	s Act will be					
<sup>49</sup> Kentucky Pride Trust Fund					2,500,000	2,500,000		2,500,000	2,500,000
(KRS 224.43-505(1))									
50 Kentucky Pride Trust Fund				2,006,300	2,006,300		2,006,300	2,006,300	
Pursuant to KRS 224.43-50: Fund debt service on the bo									
Natural Resources									
51 Agency Revenue Fund					500,000	500,000		500,000	500,000
KRS 146.570(1), 149.280(2)	), 149.670, 353.590(3)								
<b>Public Protection Commiss</b>	sioner								
52 Agency Revenue Fund				600,000	600,000		800,000	800,000	
Petroleum Storage Tank En	vironmental Assu	rance Fund							
53 Insurance Administration Fund				65,000,000	65,000,000		16,500,000	16,500,000	
(KRS 224.60-130, 224.60-1- 224.60-145, and 224.60-150 A \$25,000,000 capital approused to partially replace this	0) opriation from bond fun		Projects Budget, of this	s Act will be					
Alcoholic Beverage Contro	l								
54 Agency Revenue Fund				500,000	500,000		350,000	350,000	
(KRS 243.025(1)(3))									
Board of Claims/Crime Vict	ims' Compensatio	n Board							
55 Agency Revenue Fund							500,000	500,000	

	Fisca	al Year 2007-200	08	Fisc	cal Year 2008-200	)9	Fisc	al Year 2009-201	.0
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Financial Institutions									
<sup>56</sup> Agency Revenue Fund (KRS 286.01-485)	418,800	418,800		3,800,000	3,800,000		3,500,000	3,500,000	
Housing, Buildings and Cons	struction								
57 Agency Revenue Fund	600,000	600,000		1,300,000	1,300,000		1,800,000	1,800,000	
(KRS 198B.090(10), 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1)(2), 236.130(3), and 318.136)									
Insurance									
58 Agency Revenue Fund				15,820,000	15,820,000		15,360,000	15,360,000	
(KRS 304.2-300(1)(4), 304.2-400 and 304.2-440(4))									
59 Kentucky Access Fund				71,551,500	71,551,500		5,385,900	5,385,900	
(KRS 304.2-440(4) and 304-17B-021)									
60 Expendable Trust Fund				16,750,000	16,750,000				
(2006 Kentucky Acts Chapter 252, Part XXIII, Section 6)									
61 Fire and Tornado Insurance Fund	1,000,000	1,000,000							
(KRS 56.180)									
Workers' Compensation Fun	ding Commission	1							
62 Insurance Administration Fund	-			6,200,000	6,200,000				
(KRS 342.1227)									
Finance and Administration	on Cabinet								
63 Fleet Management Fund				4,272,400	4,272,400		1,500,000	1,500,000	

_	Fisc	cal Year 2007-200	8	Fiscal Year 2008-2009 Fiscal Year 2009-2010			0		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Controller									
64 Rural Development Trust Fund - Investment Income	3,231,200	3,231,200							
(KRS 248.655)									
65 Early Childhood Development Trust Fund - Investment Income	252,400	252,400							
(KRS 200.151)									
66 Health Care Improvement Trust Fund - Investment Income	14,000	14,000							
(KRS 194A.0550)									
67 Expendable Trust Fund				3,000,000	3,000,000				
Debt Service									
68 Unexpended Debt Service Tobacco Settlement - Phase I	16,257,500	16,257,500							
(KRS 248.655)									
<b>Facilities and Support Serv</b>	rices								
69 Property Management Fund					1,000,000	1,000,000		1,000,000	1,000,000
Commonwealth Office of To	echnology								
<sup>70</sup> Computer Services Fund					4,400,000	4,400,000		4,400,000	4,400,000
Finance and Administration	n								
71 Capital Construction Investment Income					3,675,300	3,675,300	30,083,400	33,908,400	3,825,000
Capital appropriations in the of this Act will be used to pa				Budget,					
72 Capital Construction Surplus Account KRS 45.775					1,000,000	1,000,000		1,000,000	1,000,000

_	Fiscal Year 2007-2008			Fisc	eal Year 2008-200	)9	Fiscal Year 2009-2010			
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	
Health and Family Service	ces Cabinet									
General Administration and		1								
<sup>73</sup> Malt Beverage Education Fund				450,000	450,000		450,000	450,000		
Public Health										
74 Agency Revenue Fund	50,900	50,900								
(KRS 194A.050(4), 211.350 211.848(2), 212.025(2), 217 219.071, and 221.020(2))	(10), .125(2),									
Health Policy										
75 Agency Revenue Fund	200,000	200,000		43,700	43,700		43,700	43,700		
(KRS 212.025(2))										
<b>Community Based Services</b>	3									
76 Agency Revenue Fund	43,000	43,000								
(KRS 186.040(5))										
Personnel										
General Operations										
77 Agency Revenue Fund	97,600	97,600								
78 Other Special Revenue Fund	209,000	209,000								
Postsecondary Education	on									
Council on Postsecondary	Education									
79 Postsecondary Workforce Development Trust Fund				10,000	10,000					
(KRS 164.7925)										
80 Lung Cancer Research Fund				140,000	140,000					
(KRS 164.476)										
81 Technology Initiative Trust Fund				50,000	50,000					
(KRS 164.7921)										

	Fise	Fiscal Year 2007-2008			cal Year 2008-200	9	Fiscal Year 2009-2010			
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	
Kentucky Higher Education	Assistance Author	ority								
82 Expendable Trust Fund (KRS 164.7891(11))	876,900	876,900								
83 Other Special Revenue Fund (KRS 164.7891(11))	483,900	483,900								
<b>Transportation Cabinet</b>										
Aviation										
84 Agency Revenue Fund (KRS 183.525(4))	2,300,000	2,300,000		3,468,000	4,882,100	1,414,100	3,468,000	4,781,300	1,313,300	
85 Agency Revenue Fund	100,000	100,000								
Highways										
86 Investment Income- Road Fund					5,150,000	5,150,000		3,050,000	3,050,000	
Vehicle Regulation										
87 Agency Revenue Fund	5,500,000	5,500,000		2,500,000	2,500,000					
(KRS 186.040(6)(a))										
88 Agency Revenue Fund							3,357,000	3,357,000		
89 Agency Revenue Fund	900,000	900,000								
(KRS 186.240(3))										
90 Agency Fund Revenue				2,000,000	9,800,000	7,800,000		4,000,000	4,000,000	
(KRS 186.040(6)(b))										
TOTAL TRANSFERS	44,252,400	44,565,800	313,400	266,287,400	293,726,800	27,439,400	105,512,800	127,101,100	21,588,300	

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#### SENATE BUDGET REPORT 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY ROAD FUND SUMMARY

Governmental Branch: Executive Cabinet/Function: Transportation

Agency: Cabinet Summary

Unit:

		FY 2007-2008		-	FY 2008-2009			FY 2009-2010	
	House	Senate	Difference	House	Senate	Difference	House	Senate	Difference
RESOURCES									
Beginning Undesignated Balance	-	-	-	-	-	-	-	-	-
Revenue Receipts/Estimates	1,282,801,400	1,282,801,400	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
Revenue Reduction/Motorcycle Education	-	-	-	-	-	-	-	-	-
Previous Year-End Surplus	21,163,300	21,163,300	-	-	-	-	-	-	-
Fund Transfers	· · · · · -	-	-	-	(5,150,000)	(5,150,000)	-	(3,050,000)	(3,050,000)
Non-Budgetary Transfers	-	-	-	-	-	-	-	-	-
Non-Budgetary Receipts to Surplus	-	-	-	-	-	-	-	-	-
TOTAL RESOURCES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,319,656,400	(5,150,000)	1,405,103,400	1,402,053,400	(3,050,000)
APPROPRIATIONS/EXPENDITURES									
TRANSPORTATION CABINET									
General Administration & Support	78,887,600	78,887,600	-	74,390,100	71,361,500	(3,028,600)	74,769,900	73,036,900	(1,733,000)
Aviation	4,000,000	4,000,000	-	3,650,000	11,414,100	7,764,100	3,650,000	11,313,300	7,663,300
Revenue Sharing	265,848,100	265,848,100	-	266,207,000	287,698,900	21,491,900	296,587,000	318,070,100	21,483,100
Highways	681,874,600	681,874,600	-	695,596,000	669,087,800	(26,508,200)	753,496,300	744,187,500	(9,308,800)
Vehicle Regulation	18,234,700	18,234,700	-	19,262,800	26,417,600	7,154,800	20,622,700	23,920,100	3,297,400
Debt Service	181,143,200	181,143,200	-	170,612,000	148,513,000	(22,099,000)	180,796,000	136,599,000	(44,197,000)
Public Transportation	· · · · · -	-	-	· · · · -	650,000	650,000	-	650,000	650,000
Capital Budget	6,795,000	6,795,000	-	27,192,000	17,392,000	(9,800,000)	7,280,000	4,150,000	(3,130,000)
TOTAL-TRANSPORTATION	1,236,783,200	1,236,783,200	-	1,256,909,900	1,232,534,900	(24,375,000)	1,337,201,900	1,311,926,900	(25,275,000)
DEPT. OF TREASURY	250,000	250,000		250,000	250,000		250,000	250,000	
JUSTICE CABINET									
Kentucky State Police	50,000,000	50,000,000		50,000,000	70,000,000	20,000,000	50,000,000	73,000,000	23,000,000
Motor Vehicle Enforcement	13,881,500	13,881,500		13,881,500	13,881,500	-	13,881,500	13,881,500	-
FINANCE & ADMINISTRATION CABINET									
Debt Service	-	-		-					
Department of Administration	400,000	400,000		400,000	400,000	-	400,000	400,000	-
Department of Revenue	2,000,000	2,000,000		2,325,000	2,000,000	(325,000)	2,325,000	2,000,000	(325,000)
Comm. Office of Technology						, ,			, ,
HOMELAND SECURITY	350,000	350,000		250,000	250,000	-	250,000	250,000	-
<b>Environmental and Public Protection</b>	300,000	300,000		300,000	300,000	-	300,000	300,000	-
COMMERCE CABINET	•	•		•			•	·	
Artisan's Center	-	-		350,000	-	(350,000)	350,000	-	(350,000)
Kentucky Heritage Council	-	-		140,000	40,000	(100,000)	145,000	45,000	(100,000)
TOTAL APPROP./EXPENDITURES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,319,656,400	(5,150,000)	1,405,103,400	1,402,053,400	(3,050,000)

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#### **Commonwealth of Kentucky**

**Operating Budget** 

<b>Summary Totals</b>									
	F	iscal Year 2007-200	8	F	iscal Year 2008-200	)9	F	iscal Year 2009-201	10
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS S	UMMARY BY F	UND SOURCE							
General Fund (Tobacco) General Fund Restricted Funds Federal Funds Road Fund Highway Bond	106,052,500 9,325,892,600 5,535,750,900 7,557,426,900 1,297,169,700 395,755,300	106,052,500 9,325,892,600 5,535,750,900 7,557,426,900 1,297,169,700 395,755,300		119,690,000 9,515,057,800 5,288,916,800 7,702,872,700 1,297,614,400 550,000,000	119,690,000 9,371,863,100 5,267,702,700 7,700,377,900 1,302,264,400 110,000,000	(143,194,700) (21,214,100) (2,494,800) 4,650,000 (440,000,000)	121,580,000 9,897,706,000 5,426,524,600 7,963,643,600 1,397,823,400	121,580,000 9,670,911,700 5,409,211,300 7,961,049,100 1,397,903,400	(226,794,300) (17,313,300) (2,594,500) 80,000
Regular Total Funds	24,218,047,900	24,218,047,900		24,474,151,700	23,871,898,100	(602,253,600)	24,807,277,600	24,560,655,500	(246,622,100)
Use of Continuing	75,708,400	75,708,400		21,320,800	21,320,800		6,200,300	6,200,300	
TOTAL FUNDS	24,293,756,300	24,293,756,300		24,495,472,500	23,893,218,900	(602,253,600)	24,813,477,900	24,566,855,800	(246,622,100)
II. EXPENDITURE CAT	EGORY								
Personnel Costs Operating Expenses Grants, Loans, Benefits Debt Service Capital Outlay Construction TOTAL EXPENDITURES  III. BASE LEVEL BUDG General Fund (Tobacco)	5,378,428,700 2,569,367,800 13,641,080,700 766,612,400 202,543,700 1,735,723,000 <b>24,293,756,300</b> <b>EET BY FUND SO</b>	5,378,428,700 2,569,367,800 13,641,080,700 766,612,400 202,543,700 1,735,723,000 <b>24,293,756,300</b> <b>DURCE</b> 106,052,500		5,494,680,700 2,644,784,100 13,756,888,600 863,697,600 194,301,500 1,541,120,000 <b>24,495,472,500</b>	5,476,824,700 2,613,141,600 13,677,060,300 844,250,600 193,901,500 1,088,040,200 23,893,218,900	(17,856,000) (31,642,500) (79,828,300) (19,447,000) (400,000) (453,079,800) (602,253,600)	5,658,112,500 2,744,665,900 14,227,824,600 912,652,500 198,373,500 1,071,848,900 <b>24,813,477,900</b>	5,654,221,000 2,715,457,400 14,074,984,000 847,075,000 198,373,500 1,076,744,900 <b>24,566,855,800</b>	(3,891,500) (29,208,500) (152,840,600) (65,577,500) 4,896,000 (246,622,100)
General Fund Restricted Funds Federal Funds	9,175,289,300 5,485,299,400 7,366,908,000	9,175,289,300 5,485,299,400 7,366,908,000		8,969,440,400 5,236,038,200 7,316,045,700	8,918,447,100 5,229,774,900 7,316,045,700	(50,993,300) (6,263,300)	8,964,965,400 5,372,076,500 7,312,286,400	8,912,881,800 5,365,514,700 7,312,286,400	(52,083,600) (6,561,800)
Road Fund Highway Bond	1,297,071,600 395,755,300	1,297,071,600 395,755,300		1,224,463,300	1,248,069,800	23,606,500	1,256,575,800	1,301,094,400	44,518,600
Regular Total Funds Use of Continuing	<b>23,826,376,100</b> 75,708,400	<b>23,826,376,100</b> 75,708,400		<b>22,850,451,700</b> 21,320,800	<b>22,816,801,600</b> 21,320,800	(33,650,100)	<b>23,011,314,600</b> 6,200,300	<b>22,997,187,800</b> 6,200,300	(14,126,800)
TOTAL BASE LEVEL	23,902,084,500	23,902,084,500		22,871,772,500	22,838,122,400	(33,650,100)	23,017,514,900	23,003,388,100	(14,126,800)
IV. ADDITIONAL BUDG	GET RECAP BY	FUND SOURCE							
General Fund (Tobacco) General Fund Restricted Funds Federal Funds Road Fund Highway Bond	150,603,300 50,451,500 190,518,900 98,100	150,603,300 50,451,500 190,518,900 98,100		15,225,900 545,617,400 52,878,600 386,827,000 73,151,100 550,000,000	15,225,900 453,416,000 37,927,800 384,332,200 54,194,600 110,000,000	(92,201,400) (14,950,800) (2,494,800) (18,956,500) (440,000,000)	16,169,500 932,740,600 54,448,100 651,357,200 141,247,600	16,169,500 758,029,900 43,696,600 648,762,700 96,809,000	(174,710,700) (10,751,500) (2,594,500) (44,438,600)
TOTAL ADDITIONAL	391,671,800	391,671,800		1,623,700,000	1,055,096,500	(568,603,500)	1,795,963,000	1,563,467,700	(232,495,300)

#### **Commonwealth of Kentucky**

Capital Budget

<b>Summary Totals</b>									supitui Buaget	
	Fise	cal Year 2007-200	08	Fi	scal Year 2008-200	)9	Fiscal Year 2009-2010			
	House Budget	Budget Budget Difference			Senate Budget	Difference	House Budget	Senate Budget	Difference	
I. CAPITAL PROJECT	RECAP BY FUND	SOURCE								
Restricted Funds	12,403,500	7,680,100	(4,723,400)	2,009,996,001	1,993,921,601	(16,074,400)	59,679,300	29,938,200	(29,741,100)	
Federal Funds				130,183,700	130,183,700		14,046,500	14,046,500		
Road Fund				27,192,000	17,392,000	(9,800,000)	7,280,000	4,150,000	(3,130,000)	
Bond Funds	5,700,000	5,700,000		814,885,000	411,581,000	(403,304,000)				
Agency Bonds	23,500,000	54,200,000	30,700,000	282,863,000	517,163,000	234,300,000				
Capital Construction Surp	lus			3,000,000	2,000,000	(1,000,000)				
Investment Income				7,601,000	3,676,000	(3,925,000)	10,501,000	6,676,000	(3,825,000)	
Other Funds	67,000,000	68,000,000	1,000,000	756,247,000	786,688,000	30,441,000	2,159,000	2,159,000		
TOTAL CAPITAL	108,603,500	135,580,100	26,976,600	4,031,967,701	3,862,605,301	(169,362,400)	93,665,800	56,969,700	(36,696,100)	

Executive Branch Operating Budget

<b>Summary Totals</b>									
	F	iscal Year 2007-200	8	F	iscal Year 2008-200	)9	F	iscal Year 2009-201	10
	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS S	UMMARY BY F	UND SOURCE							
General Fund (Tobacco) General Fund Restricted Funds Federal Funds Road Fund Highway Bond	106,052,500 9,000,798,700 5,510,300,000 7,554,353,800 1,297,169,700 395,755,300	106,052,500 9,000,798,700 5,510,300,000 7,554,353,800 1,297,169,700 395,755,300		119,690,000 9,196,559,100 5,245,244,000 7,701,741,300 1,297,614,400 550,000,000	119,690,000 9,053,314,400 5,224,029,900 7,699,246,500 1,302,264,400 110,000,000	(143,244,700) (21,214,100) (2,494,800) 4,650,000 (440,000,000)	121,580,000 9,546,367,600 5,387,517,200 7,962,473,000 1,397,823,400	121,580,000 9,319,573,300 5,370,203,900 7,959,878,500 1,397,903,400	(226,794,300) (17,313,300) (2,594,500) 80,000
<b>Regular Total Funds</b>	23,864,430,000	23,864,430,000		24,110,848,800	23,508,545,200	(602,303,600)	24,415,761,200	24,169,139,100	(246,622,100)
Use of Continuing	82,292,300	82,292,300		10,442,800	10,442,800		4,710,900	4,710,900	
TOTAL FUNDS	23,946,722,300	23,946,722,300		24,121,291,600	23,518,988,000	(602,303,600)	24,420,472,100	24,173,850,000	(246,622,100)
II. EXPENDITURE CAT	EGORY								
Personnel Costs Operating Expenses Grants, Loans, Benefits Debt Service Capital Outlay Construction TOTAL EXPENDITURES	5,140,293,300 2,462,141,700 13,641,080,700 766,612,400 200,871,200 1,735,723,000 23,946,722,300	5,140,293,300 2,462,141,700 13,641,080,700 766,612,400 200,871,200 1,735,723,000 <b>23,946,722,300</b>		5,252,939,600 2,521,412,700 13,756,888,600 863,697,600 185,233,100 1,541,120,000 <b>24,121,291,600</b>	5,235,083,600 2,489,720,200 13,677,060,300 844,250,600 184,833,100 1,088,040,200 <b>23,518,988,000</b>	(17,856,000) (31,692,500) (79,828,300) (19,447,000) (400,000) (453,079,800) (602,303,600)	5,416,019,200 2,599,543,400 14,227,824,600 912,652,500 192,583,500 1,071,848,900 <b>24,420,472,100</b>	5,412,127,700 2,570,334,900 14,074,984,000 847,075,000 192,583,500 1,076,744,900 <b>24,173,850,000</b>	(3,891,500) (29,208,500) (152,840,600) (65,577,500) 4,896,000 <b>(246,622,100)</b>
III. BASE LEVEL BUDG	ET BY FUND SO	DURCE							
General Fund (Tobacco) General Fund Restricted Funds Federal Funds Road Fund Highway Bond	106,052,500 8,850,195,400 5,459,848,500 7,363,834,900 1,297,071,600 395,755,300	106,052,500 8,850,195,400 5,459,848,500 7,363,834,900 1,297,071,600 395,755,300		104,464,100 8,654,460,500 5,200,214,900 7,314,914,300 1,224,463,300	104,464,100 8,602,583,700 5,193,951,600 7,314,914,300 1,248,069,800	(51,876,800) (6,263,300) 23,606,500	105,410,500 8,635,722,200 5,341,311,200 7,311,115,800 1,256,575,800	105,410,500 8,583,353,200 5,334,749,400 7,311,115,800 1,301,094,400	(52,369,000) (6,561,800) 44,518,600
Regular Total Funds	23,472,758,200	23,472,758,200		22,498,517,100	22,463,983,500	(34,533,600)	22,650,135,500	22,635,723,300	(14,412,200)
Use of Continuing	82,292,300	82,292,300		10,442,800	10,442,800		4,710,900	4,710,900	
TOTAL BASE LEVEL	23,555,050,500	23,555,050,500		22,508,959,900	22,474,426,300	(34,533,600)	22,654,846,400	22,640,434,200	(14,412,200)
IV. ADDITIONAL BUDG	GET RECAP BY	FUND SOURCE							
General Fund (Tobacco) General Fund Restricted Funds Federal Funds Road Fund Highway Bond	150,603,300 50,451,500 190,518,900 98,100	150,603,300 50,451,500 190,518,900 98,100		15,225,900 542,098,600 45,029,100 386,827,000 73,151,100 550,000,000	15,225,900 450,730,700 30,078,300 384,332,200 54,194,600 110,000,000	(91,367,900) (14,950,800) (2,494,800) (18,956,500) (440,000,000)	16,169,500 910,645,400 46,206,000 651,357,200 141,247,600	16,169,500 736,220,100 35,454,500 648,762,700 96,809,000	(174,425,300) (10,751,500) (2,594,500) (44,438,600)
TOTAL ADDITIONAL	391,671,800	391,671,800		1,612,331,700	1,044,561,700	(567,770,000)	1,765,625,700	1,533,415,800	(232,209,900)

#### **Executive Branch**

**Capital Budget** 

<b>Summary Totals</b>										
	Fisc	cal Year 2007-200	8	Fi	scal Year 2008-200	)9	Fiscal Year 2009-2010			
	House Budget	Senate Budget	Difference	House Budget				Senate Budget	Difference	
I. CAPITAL PROJECT	RECAP BY FUND	SOURCE								
Restricted Funds	12,403,500	7,680,100	(4,723,400)	2,009,996,001	1,993,921,601	(16,074,400)	59,679,300	29,938,200	(29,741,100)	
Federal Funds				130,183,700	130,183,700		14,046,500	14,046,500		
Road Fund				27,192,000	17,392,000	(9,800,000)	7,280,000	4,150,000	(3,130,000)	
Bond Funds	5,700,000	5,700,000		814,885,000	411,581,000	(403,304,000)				
Agency Bonds	23,500,000	54,200,000	30,700,000	282,863,000	517,163,000	234,300,000				
Capital Construction Surplu	ıs			3,000,000	2,000,000	(1,000,000)				
Investment Income				7,601,000	3,676,000	(3,925,000)	10,501,000	6,676,000	(3,825,000)	
Other Funds	67,000,000	68,000,000	1,000,000	756,247,000	786,688,000	30,441,000	2,159,000	2,159,000		
TOTAL CAPITAL	108,603,500	135,580,100	26,976,600	4,031,967,701	3,862,605,301	(169,362,400)	93,665,800	56,969,700	(36,696,100)	

Judicial Branch

Operating Budget

Summary Totals									
<u>-</u>	Fisc	cal Year 2007-200	8	Fis	cal Year 2008-200	9	Fis	cal Year 2009-201	0
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
I. APPROPRIATIONS SU	MMARY BY FU	ND SOURCE							
General Fund Restricted Funds Federal Funds	274,911,700 25,259,900 3,073,100	274,911,700 25,259,900 3,073,100		265,785,800 43,583,200 1,131,400	265,835,800 43,583,200 1,131,400	50,000	295,885,800 38,790,400 1,170,600	295,885,800 38,790,400 1,170,600	
Regular Total Funds Use of Continuing	<b>303,244,700</b> (8,816,800)	<b>303,244,700</b> (8,816,800)		<b>310,500,400</b> 12,032,000	<b>310,550,400</b> 12,032,000	50,000	<b>335,846,800</b> 508,400	<b>335,846,800</b> 508,400	
TOTAL FUNDS	294,427,900	294,427,900		322,532,400	322,582,400	50,000	336,355,200	336,355,200	
II. EXPENDITURE CATE	EGORY								
Personnel Costs Operating Expenses Capital Outlay	196,040,400 97,692,500 695,000	196,040,400 97,692,500 695,000		200,055,700 114,928,300 7,548,400	200,055,700 114,978,300 7,548,400	50,000	195,123,900 135,661,300 5,570,000	195,123,900 135,661,300 5,570,000	
TOTAL EXPENDITURES	294,427,900	294,427,900		322,532,400	322,582,400	50,000	336,355,200	336,355,200	
 III. BASE LEVEL BUDGI		UD CE							
General Fund Restricted Funds Federal Funds	274,911,700 25,259,900 3,073,100	274,911,700 25,259,900 3,073,100		262,267,000 35,733,700 1,131,400	263,150,500 35,733,700 1,131,400	883,500	273,790,600 30,548,300 1,170,600	274,076,000 30,548,300 1,170,600	285,400
Regular Total Funds Use of Continuing	<b>303,244,700</b> (8,816,800)	<b>303,244,700</b> (8,816,800)		<b>299,132,100</b> 12,032,000	<b>300,015,600</b> 12,032,000	883,500	<b>305,509,500</b> 508,400	<b>305,794,900</b> 508,400	285,400
TOTAL BASE LEVEL	294,427,900	294,427,900		311,164,100	312,047,600	883,500	306,017,900	306,303,300	285,400
IV. ADDITIONAL BUDG	ET RECAP BY F	UND SOURCE							
General Fund Restricted Funds				3,518,800 7,849,500	2,685,300 7,849,500	(833,500)	22,095,200 8,242,100	21,809,800 8,242,100	(285,400
TOTAL ADDITIONAL				11,368,300	10,534,800	(833,500)	30,337,300	30,051,900	(285,400

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#### SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

#### **Judicial Branch**

**Capital Budget** 

Summary Totals									
	Fi	scal Year 2007-20	08	Fi	scal Year 2008-20	009	Fi	scal Year 2009-20	010
	House	Senate		House	Senate	_	House	Senate	
	Budget	Budget	Difference	Budget	Budget	Difference	Budget	Budget	Difference

Legislative Branch

Operating Budget

Summary Totals									
	Fisc	cal Year 2007-200	)8	Fisc	al Year 2008-200	9	Fisc	cal Year 2009-201	10
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Differenc
I. APPROPRIATIONS SU	MMARY BY FU	ND SOURCE							
General Fund Restricted Funds	50,182,200 191,000	50,182,200 191,000		52,712,900 89,600	52,712,900 89,600		55,452,600 217,000	55,452,600 217,000	
Regular Total Funds Use of Continuing	<b>50,373,200</b> 2,232,900	<b>50,373,200</b> 2,232,900		<b>52,802,500</b> (1,154,000)	<b>52,802,500</b> (1,154,000)		<b>55,669,600</b> 981,000	<b>55,669,600</b> 981,000	
TOTAL FUNDS	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	
Personnel Costs Operating Expenses Capital Outlay	42,095,000 9,533,600 977,500	42,095,000 9,533,600 977,500		41,685,400 8,443,100 1,520,000	41,685,400 8,443,100 1,520,000		46,969,400 9,461,200 220,000	46,969,400 9,461,200 220,000	
Capital Outlay TOTAL EXPENDITURES	977,500 <b>52,606,100</b>	977,500 <b>52,606,100</b>		1,520,000 <b>51,648,500</b>	1,520,000 <b>51,648,500</b>		220,000 <b>56,650,600</b>	220,000 <b>56,650,600</b>	
III. BASE LEVEL BUDGE		_		50 740 000	50 740 000		55 450 000	55 450 000	
General Fund Restricted Funds	50,182,200 191,000	50,182,200 191,000		52,712,900 89,600	52,712,900 89,600		55,452,600 217,000	55,452,600 217,000	
Regular Total Funds	50,373,200	<b>50,373,200</b> 2,232,900		<b>52,802,500</b> (1,154,000)	<b>52,802,500</b> (1,154,000)		<b>55,669,600</b> 981,000	<b>55,669,600</b> 981,000	
Use of Continuing TOTAL BASE LEVEL	2,232,900	, ,		, , , ,	, , , ,		•	•	
TOTAL DASE LEVEL	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

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#### SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

#### **Legislative Branch**

**Capital Budget** 

Summary Totals									
	F	iscal Year 2007-20	008	Fi	iscal Year 2008-20	09	Fi	scal Year 2009-20	10
	House	Senate		House	Senate		House	Senate	
	Budget	Budget	Difference	Budget	Budget	Difference	Budget	Budget	Difference

### FB 2008-2010 SENATE BUDGET REPORT - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY BOND PROJECT RECORD

	Biennial Project S					oond terms no	ted)		FY 2007 Appropriated		FY 2008 App	ropriated
		I	House				Senate		Debt S	Service	Debt Se	ervice
	Term	FY 2007	FY 2008	TOTAL	Term	FY 2007	FY 2008	TOTAL	House	Senate	House	Senate
Bond Funds		820,585,000		820,585,000		417,281,000		417,281,000	2,531,000	2,531,000	54,197,000	27,342,000
General Government		308,900,000		308,900,000		151,200,000		151,200,000	2,531,000	2,531,000	24,609,000	10,999,000
Veteran Affairs												
<sup>1</sup> Fourth State Veterans Nursing Home	20	10,500,000		10,500,000		10,500,000		10,500,000				
Governors Office of Agricultural Policy												
<sup>2</sup> Kentucky Agriculture Heritage Center	20	10,000,000		10,000,000		10,000,000		10,000,000			884,000 *	884,000
Kentucky Infrastructure Authority												
<sup>3</sup> Fund A Federally Assisted Wastewater Program	20	4,000,000		4,000,000		4,000,000		4,000,000			269,000 *	269,000
4 Fund F Drinking Water Revolving Loan Program	20	4,000,000		4,000,000		4,000,000		4,000,000			269,000 *	269,000
5 Infrastructure for Economic Developme Fund for Coal-Producing Counties	nt <sup>20</sup>	50,000,000		50,000,000							4,420,000 *	
6 Infrastructure for Economic Developme Fund for Non-Coal-Producing Counties	nt <sup>20</sup>	100,000,000		100,000,000							8,840,000 *	
Governors Office for Local Development												
<sup>7</sup> Community Development Projects-Lake Malone State Park Improvements	20	200,000		200,000			[				12,000	
8 Community Development Projects- Pikeville Medical Center	20	1,500,000		1,500,000							69,000	
<sup>9</sup> Flood Control Matching Funds	20	2,200,000		2,200,000		2,200,000		2,200,000			99,000	99,000
<sup>10</sup> Louisville Zoo- Glacier Run	20	6,000,000		6,000,000							266,000	
Agriculture												
11 Animal Shelters	7	3,000,000		3,000,000		3,000,000		3,000,000			270,000	267,000
Kentucky River Authority				- <del></del>								
12 Kentucky River Locks and Dams Maintenance and Renovations Pool	20	17,500,000		17,500,000		17,500,000		17,500,000			774,000	774,000
School Facilities Construction Commission	on	<u> </u>										
13 Offers of Assistance - 2006-2008	20	100,000,000		100,000,000		100,000,000		100,000,000	2,531,000	2,531,000	8,437,000 *	8,437,000

Commerce		32,954,000	32,954,000	24,954,000	24,954,000	2,035,000	1,290,000
Parks							
14 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000	4,000,000	4,000,000	265,000	270,000
15 Parks Renovation Pool	20	8,000,000	8,000,000			354,000	

<sup>\* -</sup> Denotes Full-year debt service

Boxed dollar amounts in project lines signify a change from prior version. Bond terms only displayed if changed from previous verson.

			Biennial Pr	oject Sco	ope (bon	nd terms not	ted)		FY 2007 Ap	propriated	FY 2008 App	ropriated
			House				Senate		-	Service	Debt Se	
	Term	FY 2007	FY 2008	TOTAL	Term	FY 2007	FY 2008	TOTAL	House	Senate	House	Senate
State Fair Board												
16 Upgrade HVAC Systems	20	2,000,000	2	2,000,000		2,000,000		2,000,000			181,000 *	181,000
Fish and Wildlife Resources												
17 Kentucky Wetland and Stream Mitigation Fund	on <sup>20</sup>	10,000,000	10	0,000,000	1	10,000,000		10,000,000			442,000	442,000
Kentucky Center for the Arts												_
18 Major Maintenance & Renovation Pool	20	8,954,000	3	3,954,000		8,954,000		8,954,000			793,000 *	397,000
Economic Development		50,000,000	50	0,000,000	5	50,000,000		50,000,000			2,210,000	2,210,000
Financial Incentives		,,		-,,	1	-,,,,,,,,		1			_,,,,,,,	_,_ : -, - : -
19 Economic Development Bonds	20	50,000,000	50	0,000,000	5	50,000,000		50,000,000			2,210,000	2,210,000
Department of Education		20,250,000	20	0,250,000		6,000,000		6,000,000			1,320,000	361,000
Operation and Support Services												
20 FFA Leadership Training Center Renovation	20	2,000,000	2	2,000,000		2,000,000		2,000,000			91,000	91,000
21 Knowledge Management Portal/KIDS	10	6,250,000	6	6,250,000							421,000	
22 On-Line Assessment	10	8,000,000		3,000,000							538,000	
23 Student Data Management System - Phase 2	10	4,000,000		4,000,000		4,000,000		4,000,000			270,000	270,000
<b>Environmental and Public Protection</b>		37,000,000	37	7,000,000	3	37,000,000		37,000,000			2,212,000	2,212,000
General Administration												
24 Heritage Land Conservation Program	20	10,000,000	10	0,000,000	1	10,000,000		10,000,000			442,000	442,000
Environmental Protection												
25 State Owned Dam Repair	20	2,000,000	2	2,000,000		2,000,000		2,000,000			91,000	91,000
Petroleum Storage Tank Environmental A	ssurar											
26 Petroleum Underground Storage Tank	10	25,000,000	25	5,000,000	2	25,000,000		25,000,000			1,679,000	1,679,000
Finance and Administration		26,000,000	26	6,000,000	2	22,000,000		22,000,000			1,327,000	1,061,000
Finance and Administration		20,000,000	20	0,000,000		2,000,000		22,000,000			1,327,000	1,001,000
Facilities and Support Services							_					

27 Maintenance Pool - 2008-2010

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8,000,000

10

4,000,000

4,000,000

531,000

265,000

8,000,000

<sup>\* -</sup> Denotes Full-year debt service

			Biennial Project S	FY 2007 Appropriated		FY 2008 Appropriated					
			House	•		Senate		•	Service	Debt Service	
	Term	FY 2007	FY 2008 TOTAL	L Teri	m FY 2007	FY 2008	TOTAL	House	Senate	House	Senate
Commonwealth Office of Technology	101111						1		00		0011410
28 Public Safety Communications Infrastructure-Additional	20	18,000,000	18,000,000	o	18,000,000		18,000,000			796,000	796,000
Health and Family Services		44,000,000	44,000,000	)	4,000,000		4,000,000			2,478,000	228,000
General Administration										_	_
29 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000	)	2,000,000		2,000,000			265,000	137,000
Mental Health/Mental Retardation										_	
30 Construct Hazelwood Intermediate Car Facility	e <sup>20</sup>	10,000,000	10,000,000	)						884,000 *	
31 Construct New Glasgow State Nursing Facility	20	18,000,000	18,000,000	)						796,000	
Public Health										_	
32 Local Health Department Infrastructure Pool	20	10,000,000	10,000,000	o						442,000	
Community Based Services											
33 Brooklawn Child and Family Services	20	2,000,000	2,000,000	)	2,000,000		2,000,000			91,000	91,000
Justice and Public Safety		43,799,000	43,799,000	)	4,000,000		4,000,000			2,024,000	270,000
Corrections						·				-	
34 Expand Little Sandy Correctional Comp		39,799,000	39,799,000	)						1,759,000	
35 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000	)	4,000,000		4,000,000			265,000	270,000
Postsecondary Education		232,682,000	232,682,000	)	93,127,000		93,127,000			12,625,000	5,354,000
Council on Postsecondary Education											
36 Capital Renewal and Maintenance Poo	20	13,927,000	13,927,000	0	13,927,000		13,927,000			1,231,000 *	1,231,000 *
37 Information Technology and Equipmen Acquisitions Pool		10,000,000	10,000,000	_	-,- ,		-,- ,			884,000	, - ,
38 Regional University Excellence Trust F	und <sup>20</sup>	18,000,000	18,000,000	)	10,000,000		10,000,000			906,000	503,000
39 Research Challenge Trust Fund	20	97,000,000	97,000,000	)	50,000,000		50,000,000			4,880,000	2,516,000
40 Research Support/Lab Renovation and Equipment	20	6,000,000	6,000,000	_						267,000	. ,
Eastern Kentucky University											
41 EKU-UK Dairy Research Project (Meadowbrook Farm)	20	5,300,000	5,300,000	o						471,000 *	

<sup>\* -</sup> Denotes Full-year debt service

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		Biennial Project Sc	FY 2007 Appropriated	FY 2008 Appropriated			
_		House		Senate	Debt Service	Debt Service	
Tei	rm FY 2007	FY 2008 TOTAL	Term FY 2007	FY 2008 TOTAL	House Senate	House S	Senate
Kentucky State University							
42 Expand/Renovate, Construct, or Acquire 2 Existing Structure for the Betty White Nursing Complex	4,900,000	4,900,000				218,000	
Morehead State University							
43 Construct Business Continuance Datacenter	2,500,000	2,500,000				112,000	
Morehead State University							
44 Replace Power Plant Pollution Control System and Boiler Tube	5,700,000	5,700,000	5,700,000	5,700,000		507,000 * 5	507,000 *
University of Kentucky							
45 Expand and Upgrade Livestock Disease 2 Diagnostic Center Phase II	13,500,000	13,500,000	13,500,000	13,500,000		597,000 5	597,000
Western Kentucky University							
46 Construct Materials Characterization/ICSET-Phase II	4,500,000	4,500,000				201,000	
47 Renovate Science Campus Phase III	9,000,000	9,000,000				398,000	
48 Replace Ford College of Business-Grise 2 Hall Phase I	5,800,000	5,800,000				258,000	
Kentucky Community and Technical College	System						
49 Advanced Technology Center-Owensboro 2 CTC	14,055,000	14,055,000				622,000	
50 Construct Carrollton Campus-Jefferson 2 CTC	12,000,000	12,000,000				531,000	
51 Energy and Advanced Technology Center-2 Madisonville CC	4,000,000	4,000,000				179,000	
52 LCC Classroom/Lab Building - Additional 2 Reauthorization (\$31,741,000 Bond Funds)		4,000,000				179,000	
53 Licking Valley Campus-Phase II-Maysville 2 CC	1,000,000	1,000,000				47,000	
54 Rowan County Campus-Planning and Design	1,500,000	1,500,000				137,000 *	
Transportation	25,000,000	25,000,000	25,000,000	25,000,000		3,357,000 3,3	357,000
Vehicle Regulation							
55 Replace AVIS System	0 25,000,000	25,000,000	25,000,000	25,000,000		3,357,000 * 3,3	357,000 *

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<sup>\* -</sup> Denotes Full-year debt service

			Biennia	al Project Sc	ope (	bond terms not	ted)		FY 2007 A	opropriated	FY 2008 Appropriated Debt Service	
			House				Senate			Service		
	Term	FY 2007	FY 2008	TOTAL	Term	FY 2007	FY 2008	TOTAL	House	Senate	House	Senate
Agency Bonds		306,363,000		306,363,000		571,363,000		571,363,000		2,714,000	27,124,000	50,567,000
General Government		3,700,000		3,700,000		236,700,000		236,700,000			331,000	20,931,000
Kentucky Infrastructure Authority 56 Fund A Federally Assisted Wastewater					20	200,000,000		200,000,000				17,679,000 *
Program  57 Fund F Drinking Water Revolving Loan					20	30,000,000		30,000,000				2,652,000 *
Program							1					
Military Affairs  58 Bluegrass Station - Infrastructure Improvements	20	3,700,000		3,700,000		3,700,000		3,700,000			331,000 *	331,000 *
59 Purchase Land for the Northern Kentuck National Guard Armory	ky				20	3,000,000		3,000,000				269,000 *
Postsecondary Education		302,663,000		302,663,000		334,663,000		334,663,000		2,714,000	26,793,000	29,636,000
Eastern Kentucky University												
60 Construct New Student Housing	20	21,000,000		21,000,000		21,000,000		21,000,000			1,857,000 *	1,857,000 *
61 Renovate Residence Hall	20	10,000,000		10,000,000		10,000,000		10,000,000			884,000 *	884,000 *
62 EKU-UK Dairy Research Project (Meadowbrook Farm)					20	5,300,000		5,300,000				471,000 *
Kentucky State University												
63 Construct Parking Structure	20	7,000,000		7,000,000		7,000,000		7,000,000			620,000 *	620,000 *
64 Expand/Renovate, Construct, or Acquire Existing Structure for the Betty White Nursing Complex	е				20	4,900,000		4,900,000				436,000 *
Morehead State University												
65 Construct Campus Recreation Center	20	39,000,000		39,000,000		39,000,000		39,000,000			3,448,000 *	3,448,000 *
66 Renovate Alumni Tower Residence H	all <sup>20</sup>	4,631,000		4,631,000		4,631,000		4,631,000			413,000 *	413,000 *
67 Renovate Mignon Tower Residence H	lall <sup>20</sup>	5,682,000		5,682,000		5,682,000		5,682,000			505,000 *	505,000 *
68 Construct Business Continuance Datacenter					20	2,500,000		2,500,000				224,000 *
Murray State University												
69 Complete Capital Renewal: H&D Pool <\$600,000	ol <sup>20</sup>	7,617,000		7,617,000		7,617,000		7,617,000			675,000 *	675,000 *
70 Renovate Buildings: H&D Pool <\$600,000	20	605,000		605,000		605,000		605,000			59,000 *	59,000 *
71 Replace Franklin Hall	20	15,000,000		15,000,000		15,000,000		15,000,000	<u> </u>	<u> </u>	1,326,000 *	1,326,000 *

72 Replace Richmond Hall - Additional

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1,923,000

174,000 \*

1,923,000

<sup>\* -</sup> Denotes Full-year debt service

	Biennial Project Scope (bond terms noted)								FY 2007 Appropriated		FY 2008 Appropriated		
			House			5	Senate			Debt Service		Debt Service	
Te	rm	FY 2007	FY 2008	TOTAL	Term	FY 2007	FY 2008	тот	AL	House	Senate	House	Senate
<sup>73</sup> New Residential College - Richmond Hall - Additional Reauthorization (\$13,077,000 Agency Bonds)	-				20	1,923,000		1,923,0	000			[	174,000 *
Northern Kentucky University													,
74 Acquire & Renovate Residence Halls	20	23,500,000		23,500,000		23,500,000		23,500,0	000			2,078,000 *	2,078,000 *
75 Renovate/Expand Norse Commons	20	7,000,000		7,000,000		7,000,000		7,000,0	000			620,000 *	620,000 *
University of Kentucky													
76 Renovate Blazer Hall Cafeteria	20	2,800,000		2,800,000		2,800,000		2,800,0	000			252,000 *	252,000 *
77 Renovate Student Center Food Court	20	2,675,000		2,675,000		2,675,000		2,675,0	000			241,000 *	241,000 *
78 Sanitary Sewer/Underground Utilities Expansion and Replacement	20	10,000,000		10,000,000		10,000,000		10,000,0	000			884,000 *	884,000 *
University of Louisville													
79 Construct - Health Sciences Campus Parking Structure II	20	30,700,000		30,700,000		30,700,000		30,700,0	000		2,714,000 *	2,714,000 *	2,714,000 *
80 Construct - Health Sciences Campus Research III Additional	20	15,800,000		15,800,000		15,800,000		15,800,0	000			1,397,000 *	1,397,000 *
81 Construct Westside Dining Facility	20	5,370,000		5,370,000		5,370,000		5,370,0	000			477,000 *	477,000 *
82 Expand Student Activities Center	20	9,960,000		9,960,000		9,960,000		9,960,0	000			881,000 *	881,000 *
83 Expand/Renovate Dental School	20	38,700,000		38,700,000		38,700,000		38,700,0	000			3,421,000 *	3,421,000 *
Western Kentucky University													
84 Acquire Property and Construct Parking 2 Lots	20	4,600,000		4,600,000								409,000 *	
85 Expand Preston Center - Phase II Construction	20	11,500,000		11,500,000								1,017,000 *	
86 Acquire Property and Construct Parking Lots					20	4,600,000		4,600,0	000				409,000 *
87 Construct Materials Characterization/ICSET-Phase II					20	4,500,000		4,500,0	000				401,000 *
88 Expand Preston Center - Phase II Construction					20	11,500,000		11,500,0	000				1,017,000 *
89 Renovate Ivan Wilson Center Phase I	20	9,200,000		9,200,000		9,200,000		9,200,0	000			814,000 *	814,000 *
90 Renovate Science Campus Phase III					20	9,000,000		9,000,0	000				796,000 *
91 Renovate Van Meter Hall	20	18,400,000		18,400,000		18,400,000		18,400,0	000			1,627,000 *	1,627,000 *
92 Replace Ford College of Business-Grise Hall Phase I					20	5,800,000		5,800,0	000				515,000 *

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<sup>\* -</sup> Denotes Full-year debt service

	Biennial Project Scope (bond terms noted)					FY 2007 Appropriated		FY 2008 Appropriated				
_	House			Senate				Debt Service		Debt Service		
т	erm	FY 2007	FY 2008	TOTAL	Tern	n FY 2007	FY 2008	TOTAL	House	Senate	House	Senate
Road Fund Bonds		550,000,000		550,000,000		110,000,000		110,000,000	22,099,000	2,652,000	46,407,000	7,514,000
Transportation		550,000,000		550,000,000		110,000,000		110,000,000	22,099,000	2,652,000	46,407,000	7,514,000
Highways												
93 (3) Economic Development Road Bonds	20	50,000,000		50,000,000		50,000,000		50,000,000			2,210,000	2,210,000
94 (4) Economic Development Road Bonds					20	60,000,000		60,000,000		2,652,000		5,304,000 *
95 (6) Economic Development Road Bonds	20	500,000,000		500,000,000					22,099,000		44,197,000 *	

## **Summary**

Bond Funds	820,585,000	820,585,000	417,281,000	417,281,000	2,531,000	2,531,000	54,197,000	27,342,000
Agency Bonds	306,363,000	306,363,000	571,363,000	571,363,000		2,714,000	27,124,000	50,567,000
Road Fund Bonds	550,000,000	550,000,000	110,000,000	110,000,000	22,099,000	2,652,000	46,407,000	7,514,000
Totals	1,676,948,000	1,676,948,000	1,098,644,000	1,098,644,000	24,630,000	7,897,000	127,728,000	85,423,000

Note 1: The bonds proposed for the Research Challenge Trust Fund and the Regional University Excellence Trust Fund through the Council on Postsecondary Education are assumed to be taxable. Note 2: Project No. 79 is authorized in the current year, fiscal year 2007-2008.

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<sup>\* -</sup> Denotes Full-year debt service

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**General Parts** 

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### Part II - Capital Projects Budget

#### **BRANCH BUDGET**

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes the following directives:

- (1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2008-2010 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.
- (2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).
- (3) Bond Proceeds Investment Income: Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b) and 48.720 or any other provision of this Act, any funds appropriated but not required to pay debt service because of this fund source substitution shall be credited to the Statewide Deferred Maintenance Fund account each year. Unneeded debt service resulting from any other circumstance shall lapse in accordance with KRS 48.010(13)(b) and 48.720 and any other provision of this Act except for the following: if the fund balance in the Emergency Repair, Maintenance, and Replacement Account falls below \$5,000,000 in fiscal year 2008-2009, any debt service lapse necessary to bring the fund balance to \$5,000,000 in that fiscal year may be credited to the Emergency Repair, Maintenance, and Replacement Account. No transfer to the Emergency Repair, Maintenance, and Replacement Account, or the Statewide Deferred Maintenance Fund account, shall be made based on the above provisions if the lapse from other General Fund accounts is insufficient to meet appropriations approved in other Parts of this Act.

### Part II - Capital Projects Budget

- (4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; the Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary Education Institutions Research Support Lab Renovation and Equipment Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee.
- (5) Bond Issues for Tobacco and Non-Coal Producing Counties: Any authorized bond project from the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties may be financed from any associated bond issue for the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties.
- (6) Capital Construction and Equipment Purchase Contingency Account: If funds in the Capital Construction and Equipment Purchase Contingency Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.
- (7) Emergency Repair, Maintenance, and Replacement Account: If funds in the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.
- (8) Postsecondary Education Institutions Vetoed General Fund Bond Projects: Notwithstanding KRS 45.760, each postsecondary education institution budget unit that has capital projects funded with General Fund supported bond funds appropriated in Part II, Capital Projects Budget, K, 3., 4., 5., 8., 10., and 11., that were also included in Partial Veto Number 4 of 2006 House Bill

### Part II - Capital Projects Budget

380 (2006 Ky. Acts ch. 252), may request to reallocate all or a portion of those bond fund appropriations to another capital project. The request shall be made to the Council on Postsecondary Education. The request shall provide the amount to be reallocated, the project to which the reallocation is requested with a full description of that project, and the justification for the reallocation. Upon the approval of the Council on Postsecondary Education, the Council shall submit the request to the Secretary of the Finance and Administration Cabinet for approval. Upon the approval by the Secretary of the Finance and Administration Cabinet and prior to the execution of the reallocation, the Secretary must report the action to the Capital Projects and Bond Oversight Committee of the Legislative Research Commission at a regularly scheduled monthly meeting.

- (9) Council on Postsecondary Education Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 must be included in this Act.
- (10) Council on Postsecondary Education Information Technology and Equipment Acquisitions Pool: The Technology and Equipment Pool appropriated to the Council on Postsecondary Education will provide funds to upgrade and replace technology supporting the Kentucky Virtual University and Virtual Library, and also provide funds to institutions to purchase new or replacement campus-based information technology and instructional equipment. Any individual project exceeding \$600,000 must be included in this Act.
- (11) Council on Postsecondary Education Research Support/Lab Renovation and Equipment Pool: The Research Support/Lab Renovation and Equipment Pool appropriated to the Council on Postsecondary Education provides a pool of funds for Research Support to include lab renovations and research equipment. Two-thirds of the funding will be distributed to the University of Kentucky and one-third of the funding will be distributed to the University of Louisville. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.
- (12) Military Affairs Source of Funds for Maintenance Projects: Royalties received from the sale of natural resources at the Wendell H. Ford Regional Training Center in excess of the amount included in the 2008-2010 enacted budget to be deposited in the General Fund, up to \$250,000 in each fiscal year, shall be deposited to a capital maintenance pool for the Department of Military Affairs and used to match federal funds received for maintenance, renovation, and repair of the Department's facilities and major items of equipment.

### Part II - Capital Projects Budget

#### **HOUSE REPORT**

The House concurs with the Branch with the following change:

The House adds Part II, language provision as follows:

(4) Appropriations for Projects Not Line-Itemized: - Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects, and Broadband Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; the Postsecondary Education Institutions Information Technology and Equipment Pool; the Postsecondary Education Institutions Research Support - Lab Renovation and Equipment Pool; the Local and District Health Department Infrastructure Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee no later than 30 days after the allocation associated with the project or equipment item is made. The report shall identify the need for, and provide a brief description of, each project or equipment item.

#### SENATE REPORT

The Senate concurs with the House with the following change:

The Senate modifies Part II, Capital Budget, language provisions as follows:

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; or (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; or (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties.

### Part II - Capital Projects Budget

Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

- (4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects, and Broadband Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee no later than 30 days after the allocation associated with the project or equipment item is made. The report shall identify the need for, and provide a brief description of, each project or equipment item.
- (9) Council on Postsecondary Education Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

The Senate amends the State/Executive Branch Budget Bill, Part II, Capital Budget, by removing the following language:

(8) Postsecondary Education Institutions - Vetoed General Fund Bond Projects: Notwithstanding KRS 45.760, each postsecondary education institution budget unit that has capital projects funded with General Fund supported bond funds appropriated in Part II, Capital Projects Budget, K, 3., 4., 5., 8., 10., and 11., that were also included in Partial Veto Number 4 of 2006 House Bill 380 (2006 Ky. Acts ch. 252), may request to reallocate all or a portion of those bond fund appropriations to another capital project. The request shall be made to the Council on Postsecondary Education. The request shall provide the amount to be reallocated, the project to which the reallocation is requested with a full description of that project, and the justification for the reallocation. Upon the approval of the Council on Postsecondary Education, the Council shall submit the request to the Secretary of the Finance and

### Part II - Capital Projects Budget

Administration Cabinet for approval. Upon the approval by the Secretary of the Finance and Administration Cabinet and prior to the execution of the reallocation, the Secretary must report the action to the Capital Projects and Bond Oversight Committee of the Legislative Research Commission at a regularly scheduled monthly meeting.

- (10) Council on Postsecondary Education Information Technology and Equipment Acquisitions Pool: The Technology and Equipment Pool appropriated to the Council on Postsecondary Education will provide funds to upgrade and replace technology supporting the Kentucky Virtual University and Virtual Library, and also provide funds to institutions to purchase new or replacement campus-based information technology and instructional equipment. Any individual project exceeding \$600,000 must be included in this Act.
- (11) Council on Postsecondary Education Research Support/Lab Renovation and Equipment Pool: The Research Support/Lab Renovation and Equipment Pool appropriated to the Council on Postsecondary Education provides a pool of funds for Research Support to include lab renovations and research equipment. Two-thirds of the funding will be distributed to the University of Kentucky and one-third of the funding will be distributed to the University of Louisville. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

#### **Part III - General Provisions**

#### **BRANCH BUDGET**

The State/Executive Branch Budget Bill, Part III, General Provisions includes the following directives:

1. Funds Designations: Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, and other miscellaneous federal receipts received by a budget unit, the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

**2. Expenditure of Excess Restricted Funds or Federal Funds Receipts:** If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2008-2009 or fiscal year 2009-2010, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 and this Act, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

#### **Part III - General Provisions**

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. In the event that General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2008-2009 or fiscal year 2009-2010, respectively, then the appropriation increase may be approved. In the event that the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2008-2010 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

**3. Interim Appropriation Increases:** No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

#### **Part III - General Provisions**

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

- **4. Revision of Appropriation Allotments:** Allotments within appropriated sums for the activities and purposes contained in the enacted State/Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.
- **5. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.
- **6. Permitted Appropriation Obligations:** No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly, legislative and executive records, and the statutory budget memorandum.
- **7.** Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.
- **8. Federally Funded Agencies:** A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.
- **9.** Lapse of General Fund or Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.
- **10. Statutes in Conflict:** All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

#### **Part III - General Provisions**

- 11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering the provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.
- **12. Interpretation of Appropriations:** All questions that arise in interpreting any appropriation in this Act as to the purpose or manner for which the appropriation may be expended shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.
- 13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2008 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, State/Executive Budget and Judicial Budget as enacted by the 2008 Regular Session, as well as other Acts which contain appropriation provisions for the 2008-2010 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2008 Regular Session, and the statutory budget memorandum. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class and for the State/Executive Budget, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted State/Executive Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.
- **14. State Financial Condition:** Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.
- **15. Prorating Administrative Costs:** The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate

#### **Part III - General Provisions**

federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

- 16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2008 Regular Session of the General Assembly. If any executive reorganization order issued from sine die adjournment of the 2007 Regular Session to sine die adjournment of the 2008 Regular Session was not confirmed by the 2008 Regular Session of the General Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation with agency heads and with notification to the Legislative Research Commission, transfer the balance of funds for any affected program or function for fiscal year 2007-2008 and any related appropriations and funds for each of the next two fiscal years from the budget unit in which the program or function was placed by the executive reorganization order to the budget unit in which the program or function resided prior to the reorganization action or in which it was placed by action of the 2008 Regular Session of the General Assembly.
- **17. Budget Planning Report:** By August 15, 2009, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.117, a budget planning report.
- **18. Tax Expenditure Revenue Loss Estimates:** By October 15, 2009, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss effected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.
- **19. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2008 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.
- **20. Priority of Individual Appropriations:** KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

#### **Part III - General Provisions**

- **21. Severability of Budget Provisions:** Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.
- **22.** Unclaimed Lottery Prize Money: For fiscal year 2008-2009 and fiscal year 2009-2010, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.
- **23. Sales and Use Tax Collection and Remittance Compensation:** Notwithstanding KRS 139.570, for the periods after June 30, 2006, the total reimbursement allowed per taxpayer in any month shall not exceed \$1,500. Notwithstanding KRS 139.240, 139.250 or 139.700, after the effective date of this Act, separate permit numbers for a taxpayer with different business locations shall not be issued.
- **24. Abandoned Property Held by Financial Institutions:** Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years.
- **25. Sale of Abandoned Property by Finance and Administration Cabinet:** Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2008-2010 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.
- **26. Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.
- **27. Undesignated General Fund and Road Fund Carry Forward:** Notwithstanding KRS 48.700, and KRS 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2008-2009, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The

#### **Part III - General Provisions**

amounts from the undesignated fiscal year 2008-2009 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2008-2010 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

- **28.** Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2008-2009 and fiscal year 2009-2010 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.
- **29. Confirmation of Budget Reduction:** The General Assembly acknowledges that during fiscal year 2007-2008 General Fund revenues were less than the enacted estimates pursuant to KRS 48.120(3) and that the 2006 General Assembly had enacted the branch budget bills in 2006 Ky. Acts chs. 229, 250, and 252 based upon the anticipated revenue estimates.

The 2006 General Assembly enacted the 2006-2008 biennium General Fund Budget Reduction Plan for fiscal year 2007-2008 in 2006 Ky. Acts ch. 252, Part VI, for state government pursuant to KRS 48.130(1) and (3). These statutes and Acts provide direction and authority by which the heads of the executive, judicial, and legislative branches shall revise and reduce appropriations and allotments and other deficit alleviation actions for their respective branch budget units under KRS 48.130(4).

Notwithstanding KRS 48.130 and 48.600, the General Assembly confirms, adopts, and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and confirms and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01.

**30. Abandonment of Traveler's Checks:** Notwithstanding KRS 393.060, traveler's checks held or owing by a banking or financial organization shall be presumed abandoned when the period of time the traveler's checks have been outstanding exceeds seven years,

#### **Part III - General Provisions**

unless the owner has within seven years corresponded in writing with the banking or financial organization concerning the traveler's checks, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

**31. Reallocation of Appropriations Among Budget Units:** The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009 and fiscal year 2009-2010. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

**32. Appropriation of Budget Reserve Trust Fund:** Pursuant to KRS 48.705 \$189,775,400 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

### **HOUSE**

The House concurs with the Branch with the following changes:

The House amends the State/Executive Branch Budget Bill, Part III, Special Provisions, to include the following language provisions:

#### **Part III - General Provisions**

**31. Reallocation of Appropriations Among Budget Units:** The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

**32. Appropriation of Budget Reserve Trust Fund:** Pursuant to KRS 48.705 \$198,739,000 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

The House adds Part III, Special Provisions, language provision as follows:

- **33. General Fund Expenditure Reductions** The Governor shall reduce General Fund expenditures appropriated in this Act by \$255,000,000 in fiscal year 2008-2009 and by \$255,000,000 in fiscal year 2009-2010. This reduction shall be achieved in part by, but not limited to, the following measures:
- a. Beginning May 1, 2008, the Kentucky Retirement System shall provide to the Secretary of the Personnel Cabinet a listing of all employees of the Executive Branch that submitted requests to begin to receive retirement benefits the preceding month. The Secretary of the Personnel Cabinet shall determine the retiring employee's last agency of employment and provide the Office of State Budget Director the total salaries of all employees that have retired by individual agency. In consultation with the State Budget Director, the

#### **Part III - General Provisions**

Secretary of the Finance and Administration Cabinet shall utilize this information and determine the amount of General Fund moneys included in the agency budget for fiscal year 2008-2009 and fiscal year 2009-2010 for the retiring employees. The Secretary of the Finance and Administration Cabinet shall then transfer that amount from the agency allocation back to the General Fund in fiscal year 2008-2009. If the amounts transferred in fiscal year 2008-2009 exceed \$85,000,000, then the excess shall be returned to the agencies on a pro rata basis. The same amount transferred in fiscal year 2008-2009, up to \$85,000,000, shall be transferred from the agencies to the General Fund in fiscal year 2009-2010. The Secretary of the Finance and Administration Cabinet shall provide a monthly report to the Interim Joint Committee on Appropriations and Revenue of the amount transferred to the General Fund by each agency the previous month.

- b. The Finance and Administration Cabinet is hereby directed to restructure the General Fund-supported debt of the Commonwealth and capture all available General Fund debt service in fiscal years 2008-2009 and 2009-2010 as a result of the restructuring. The restructuring of the debt is to be accomplished using tax-exempt bonds and taxable bonds. Debt service payments shall not commence until after July 1, 2010, for the restructured components.
- c. The Finance and Administration Cabinet, in conjunction with other Executive Branch agency heads, shall identify efficiencies and cost-saving measures that will result in a direct savings to the Commonwealth.
- d. Any appropriated debt service for projects authorized prior to the effective date of this Act that lapses at the end of fiscal year 2008-2009 and fiscal year 2009-2010 shall be applied toward the \$255,000,000 required expenditure reduction in each fiscal year.
- **34. Office Space:** Pursuant to KRS 56.463(4)(b), the legislative branch had and has the legal authority to occupy certain space in the New State Capitol Annex, as of certain occupancy dates described by the October 1, 2003 Resolution of the Legislative Research Commission. On or before July 1, 2008, the Secretary of the Finance and Administration Cabinet shall ensure that the New State Capitol Annex space allocated to the legislative branch by KRS 56.463(4)(b), and designated for occupancy by the October 1, 2003 Resolution of the Legislative Research Commission adopted pursuant to KRS 56.463(4)(b) and as specified in subsections (a) and (b) below, shall be vacated by the executive branch and available for immediate occupancy by the legislative branch as follows:
- a .The legislative branch shall occupy the following additional space on the second floor of the New State Capitol Annex: Starting at the center (north-south) hallway and proceeding west on the south side of the east-west hallway, all space (approximately 3,072 square feet) in the area from the third pilaster to and including the ninth pilaster, comprising the offices 265 to 275, except for the elevators,

#### **Part III - General Provisions**

public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008; and

b. The legislative branch shall occupy the following additional space on the third and fourth floors of the New State Capitol Annex: Starting at the center (north/south) hallway on each floor and proceeding west, all space (approximately 4,096 square feet on each floor) south of the east/west hallway to and including the ninth pilaster, and the area going south from the center (north/south) hallway on each floor from the first to the third pilaster on the west side of the hallway; and comprising the area going south from the center (north/south) hallway on each floor, all space (approximately 3,328 square feet on each floor) on the west side of each hallway beginning at the third pilaster at the north/south hallway to the south end of the building; except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008.

The Secretary of the Finance and Administration Cabinet shall be authorized to lease such additional space as may be necessary to comply with the provisions of this section. Expenditures required by the implementation of this section related to securing, if necessary, additional leased office space by the executive branch, the relocation of executive branch personnel, and the relocation of offices that is required by this section, including moving expenses, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) or, if the expenditures required to implement this section exceed the funds available in those accounts, notwithstanding KRS 45.770, the Finance and Administration Cabinet shall transfer sufficient funds in the Capital Construction and Equipment Purchase Contingency Account to a capital project account to be used for expenditures necessary to implement the requirements of this section. Prior to making a transfer, the Finance and Administration Cabinet shall present the proposed transfer to the Capital Projects and Bond Oversight Committee for review at least 14 days prior to a meeting of the committee as required by KRS 45.800. No portion of funds transferred for this purpose shall be used for any other purpose. Lack of funds in any of the accounts referenced in this section shall not excuse compliance with this section.

If the Secretary of the Finance and Administration Cabinet fails or refuses to fully and timely comply with the requirements of this section, the Legislative Research Commission may petition the Franklin Circuit Court for a writ of mandamus to compel the Secretary's compliance with the requirements of this section.

#### **Part III - General Provisions**

Any expenditure authorized by the Legislative Research Commission relating to implementation of KRS 56.463(4)(b) and funded by previous appropriations to the legislative branch shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(14), and 48.020.

**35**. **Kentucky Wine and Vine Fest:** The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

#### SENATE REPORT

The Senate deletes Part III, General Provisions, language as follows:

**31. Reallocation of Appropriations Among Budget Units:** The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

**35**. **Kentucky Wine and Vine Fest:** The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

#### **Part III - General Provisions**

The Senate modifies Part III, General Provisions, language, as follows:

- 27. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700 and 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2008-2009, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2008-2009 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2008-2010 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Contingency Plan contained in Part VII of this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.
- **29. Adoption of Budget Reduction:** Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01.
- **31. Appropriation of Budget Reserve Trust Fund:** Pursuant to KRS 48.705, \$198,734,800 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.
- **32. General Fund Expenditure Reductions:** The Governor shall reduce General Fund expenditures appropriated in this Act by \$129,900,000 in fiscal year 2008-2009 and by \$143,900,000 in fiscal year 2009-2010. This reduction shall be achieved in part but not limited to the following measures:
- a. Beginning May 1, 2008, the Kentucky Retirement System shall provide to the Secretary of the Personnel Cabinet a listing of all employees of the Executive Branch covered by the Kentucky Employees Retirement System for nonhazardous employees that have submitted a request to begin to receive retirement benefits the preceding month. The Secretary of the Personnel Cabinet shall determine each retiring employee's last agency of employment, final classification, and annual salary, and provide the Office of the State Budget Director this information by individual agency. In consultation with the State Budget Director, the Secretary of the

#### **Part III - General Provisions**

Finance and Administration Cabinet shall utilize this information and determine the amount of General Fund Moneys in the agency budget for fiscal year 2008-2009 and fiscal year 2009-2010 for the retiring employees' positions. The Secretary of the Finance and Administration Cabinet shall then transfer, or schedule the future transfer of, that amount of General fund moneys from the agency back to the General Fund in fiscal year 2008-2009. If the total amounts identified for transfer in fiscal year 2008-2009 exceed \$85,000,000, then the excess may be left in the agencies' budget as directed by the Secretary of the Finance and Administration Cabinet and the State Budget Director. The State Budget Director and the Secretary of the Finance and Administration Cabinet shall utilize this same procedure to transfer \$85,000,000 to the General Fund in fiscal year 2009-2010. The Secretary of the Finance and Administration Cabinet shall provide a monthly report to the Interim Joint Committee on Appropriations and Revenue of the amount of General Fund moneys transferred, or identified for future transfer, in the balance of the fiscal year by each agency of the Executive Branch in the previous month; and

- b. The Finance and Administration Cabinet, in conjunction with other Executive Branch agency heads, shall identify excess debt service, efficiencies, and cost-saving measures that will result in a direct savings to the Commonwealth.
- **33. Office Space:** Pursuant to KRS 56.463(4)(b), the legislative branch had and has the legal authority to occupy certain space in the New State Capitol Annex, as of certain occupancy dates described by the October 1, 2003 Resolution of the Legislative Research Commission. On or before July 1, 2008, the Secretary of the Finance and Administration Cabinet shall ensure that the New State Capitol Annex space allocated to the legislative branch by KRS 56.463(4)(b), and designated for occupancy by the October 1, 2003 Resolution of the Legislative Research Commission adopted pursuant to KRS 56.463(4)(b) and as specified in subsections (a) and (b) below, shall be vacated by the executive branch and available for immediate occupancy by the legislative branch as follows:
- a .The legislative branch shall occupy the following additional space on the second floor of the New State Capitol Annex: Starting at the center (north-south) hallway and proceeding west on the south side of the east-west hallway, all space (approximately 3,072 square feet) in the area from the third pilaster to and including the ninth pilaster, comprising the offices 265 to 275, except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008; and
- b. The legislative branch shall occupy the following additional space on the third and fourth floors of the New State Capitol Annex: Starting at the center (north/south) hallway on each floor and proceeding west, all space (approximately 4,096 square feet on each floor) south of the east/west hallway to and including the ninth pilaster, and the area going south from the center (north/south) hallway on each floor from the first to the third pilaster on the west side of the hallway; and comprising the area going south from the center

#### Part III - General Provisions

(north/south) hallway on each floor, all space (approximately 3,328 square feet on each floor) on the west side of each hallway beginning at the third pilaster at the north/south hallway to the south end of the building; except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008.

The Secretary of the Finance and Administration Cabinet shall be authorized to lease such additional space as may be necessary to comply with the provisions of this section. Expenditures required by the implementation of this section related to securing, if necessary, additional leased office space by the executive branch, the relocation of executive branch personnel, and the relocation of offices that is required by this section, including moving expenses, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) or, if the expenditures required to implement this section exceed the funds available in those accounts, notwithstanding KRS 45.770, the Finance and Administration Cabinet shall transfer sufficient funds in the Capital Construction and Equipment Purchase Contingency Account to a capital project account to be used for expenditures necessary to implement the requirements of this section. Prior to making a transfer, the Finance and Administration Cabinet shall present the proposed transfer to the Capital Projects and Bond Oversight Committee for review at least 14 days prior to a meeting of the committee as required by KRS 45.800. No portion of funds transferred for this purpose shall be used for any other purpose. Lack of funds in any of the accounts referenced in this section shall not excuse compliance with this section.

If the Secretary of the Finance and Administration Cabinet fails or refuses to fully and timely comply with the requirements of this section, the Legislative Research Commission may petition the Franklin Circuit Court for a writ of mandamus to compel the Secretary's compliance with the requirements of this section.

Any expenditure authorized by the Legislative Research Commission relating to implementation of KRS 56.463(4)(b) and funded by previous appropriations to the legislative branch shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(14), and 48.020.

The Senate adds Part III, General Provisions, language as follows:

**34.** Lottery Dividends: KRS 154A.130(1) establishes the intent of the General Assembly that it shall be the goal of the Kentucky Lottery Corporation to transfer each year 35 percent of gross revenues to the General Fund. In fiscal year 2008-2009 and fiscal year 2009-2010, the Kentucky Lottery Corporation shall remit 35 percent of gross revenues each year to the General Fund.

### **Part III - General Provisions**

Notwithstanding KRS 154A.130(3) and (4), 78 percent of the 35 percent remitted to the General Fund in fiscal year 2008-2009 and 2009-2010, shall be distributed according to the provisions set out in KRS 154A.130(3), and (4) to support higher education scholarship programs. The remaining 22 percent of the 35 percent remitted to the General Fund shall remain in the General Fund.

### Part IV - State Salary/Compensation and Employment Policy

#### **BRANCH BUDGET**

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy includes the following directives:

"Maximum Filled Permanent Positions: Notwithstanding KRS 18A.010(2), for the 2008-2010 fiscal biennium, the total number of filled permanent positions in the agencies of the Executive Branch is limited to the number authorized in the enacted State/Executive Budget of the Commonwealth for the 2008-2010 fiscal biennium."

"Authorized Personnel Complement: On July 1, 2008, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent and other positions based upon the enacted State/Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled and vacant positions of permanent full-time, permanent part-time, and all other positions shall not exceed the authorized complements pursuant to this section. When an agency head certifies that an emergency employment situation exists for a limited time within a fiscal year, the State Budget Director may approve, and the Secretary of the Personnel Cabinet may authorize, the employment of individuals in addition to the authorized complement for the duration of the limited time period so authorized within the fiscal year. A copy of records, certifications, and actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis."

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of two percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

"Notwithstanding KRS 151B.035(12), for fiscal years 2008-2009 and 2009-2010, the salary adjustments for certified and equivalent employees of the Office of Career and Technical Education shall be made pursuant to the provisions of this Part. Notwithstanding KRS 151B.035(6)(e), the salary schedule for certified and equivalent employees of the Office of Career and Technical Education shall be implemented within the appropriations made in this Act."

"Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program."

### Part IV - State Salary/Compensation and Employment Policy

"Employee Cross-Reference: The Personnel Cabinet shall permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan."

"Employeer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 8.50 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2009, through June 30, 2010, shall be 8.5 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance."

"The General Fund moneys directed to be appropriated by 2006 Ky. Acts ch. 252, Part VII, to the Kentucky Retirement Systems to address a portion of the actuarially unfunded liability shall be appropriated to the Kentucky Retirement Systems Insurance Fund as established in KRS 61.701 and shall be allocated in proportion to the contributions required according to KRS 61.702(2) for the Kentucky Employees Retirement System Insurance Fund and the State Police Retirement System Insurance Fund."

#### **HOUSE REPORT**

The House concers with the Branch with the following change:

The House revises the following language to read:

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of two percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

#### SENATE REPORT

The Senate concurs with the House with the following changes:

### Part IV - State Salary/Compensation and Employment Policy

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of one percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

"Employee Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 10.01 percent, consisting of 5.79 percent for pension and 4.22 percent for insurance, for nonhazardous duty employees and 24.35 percent, consisting of 9.79 percent for pension and 14.56 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 30.07 percent, consisting of 15.28 percent for pension and 14.79 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2009, through June 30, 2010, shall be 11.61 percent, consisting of 6.65 percent for pension and 4.96 percent for insurance, for nonhazardous duty employees and 24.69 percent, consisting of 9.89 percent for pension and 14.8 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 33.08 percent, consisting of 16.81 percent for pension and 16.27 percent for insurance.

"Kentucky Employees Retirement Systems Employer Contribution Supplement Distribution: The State Budget Director shall determine the amount of funds from the appropriation in Part I, J., 4., of this Act that is necessary for each budget unit to implement the required employer contribution rates for retirement established in Section 6. of this Part. The State Salary and Compensation Fund shall be supplemented by Restricted Funds, Federal Funds, the Road Fund, and other General Fund amounts otherwise appropriated to state agencies. The amount of moneys transferred from the State Salary and Compensation Fund to state agencies shall not exceed the General Fund cost of the increased employer retirement contribution rate for each position. After the Secretary of the Personnel Cabinet has distributed the required funds to state agencies, then the balance of the funds shall be distributed to other public employers who were affected by the increased employer retirement contribution rates in Section 6. of this Part on a pro rata basis. The Secretary of the Personnel Cabinet shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue of the distribution of these funds."

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### Part VI - General Fund Budget Reduction Plan

#### **BRANCH BUDGET**

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$8,983,887,000 in fiscal year 2008-2009 and \$9,235,339,000 in fiscal year 2009-2010 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected deficit.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

In the event of a revenue shortfall under the provisions of KRS 48.120, General Fund budget reduction actions shall be implemented in the following sequence:

- (1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;
- (2) Transfers of excess unappropriated Restricted Funds other than fiduciary funds shall be applied as determined by the head of each branch for its respective budget units;
- (3) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

- (4) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the trust fund balance in fiscal year 2008-2009 and 50 percent of the trust fund balance in fiscal year 2009-2010; and
- (5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this section are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is

### Part VI - General Fund Budget Reduction Plan

empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

#### **HOUSE REPORT**

The House concurs with the Branch with the following changes:

The estimated General Fund receipts are \$9,126,637,000 in fiscal year 2008-2009 and \$9,381,189,000 in fiscal year 2009-2010.

#### SENATE REPORT

The Senate replaces the House Report with the following:

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$9,036,750,000 in fiscal year 2008-2009 and \$9,289,000,100 in fiscal year 2009-2010 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected deficit.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

In the event of a revenue shortfall under the provisions of KRS 48.120, General Fund budget reduction actions shall be implemented in the following sequence:

- (1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;
- (2) Application of unbudgeted surplus from the previous fiscal year and transfers of excess unappropriated Restricted Funds other than fiduciary funds shall be applied as determined by the head of each branch for its respective budget units;
- (3) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the trust fund balance in fiscal year 2008-2009 and 50 percent of the trust fund balance in fiscal year 2009-2010;

### Part VI - General Fund Budget Reduction Plan

(4) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth; and

Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this Part are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

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### Part VII - General Fund Surplus Expenditure Plan

#### **BRANCH BUDGET**

- (1) Pursuant to KRS 48.700 and notwithstanding KRS 48.140, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2008-2009 and 2009-2010. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys in the General Fund undesignated fund balance in excess of the amount specified in Part III, General Provisions, Section 27, of this Act are appropriated to the following:
- (a) Authorized expenditures without a sum specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;
  - (b) Increased support to the Budget Reserve Trust Fund; and
- (c) The Kentucky Teachers' Retirement System's medical insurance fund as established in KRS 161.420 to augment the state medical insurance stabilization contribution as established in KRS 161.550.
- (2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of the fiscal year 2007-2008, and the close of fiscal year 2008-2009, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan respectively in fiscal year 2007-2008 and fiscal year 2008-2009. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

Subsequent to June 30, 2008, funds that are certified as being available in the actual General Fund undesignated fund balance for the General Fund Surplus Account are appropriated for expenditure in fiscal year 2007-2008 pursuant to the Plan.

#### **HOUSE REPORT**

The House concurs with the Branch.

#### SENATE REPORT

The Senate replaces the House Report with the following:

Notwithstanding KRS 48.140 and 48.700, there is established a Contingency Plan for the expenditure of the undesignated balance in the General Fund.

- (1) The undesignated balance in the General Fund shall be determined as provided in Part III, 27., of this Act.
- (2) The undesignated balance in the General Fund in excess of the amount designated for budget purposes as provided in Part III, 27., of this Act are appropriated as provided in subsection (3) of this Part, subject to the following conditions:
  - (a) Expenditures shall be made in the priority order set forth in subsection (3) of this Part; and

### Part VII - General Fund Surplus Expenditure Plan

- (b) If funds available are not sufficient to completely fund a listed priority, then the next priority on the list that can be completely funded shall be funded.
  - (3) The priority list for the Contingency Plan for the expenditure of General Fund surplus moneys is as follows:
  - (a) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
  - (b) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act and paragraph (a) of this subsection, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
  - (c) Provide \$5,157,000 for one-half year of debt service to support the entirety of the following Capital Projects:

$\sim$	Trovide \$5,157,000 for one main year of debt service to suppose	it the chimety
1.	Advanced Technology Center - Owensboro CTC	
	Bond Funds	\$14,055,000
2.	Construct Carrollton Campus - Jefferson CTC	
	Bond Funds	\$12,000,000
3.	Energy and Advanced Technology Center - Madisonville C	CTC
	Bond Funds	\$4,000,000
4.	Licking Valley Campus - Phase II Maysville CTC	
	Bond Funds	\$1,000,000
5.	Advanced Manufacturing Facility - Bluegrass CTC	
	Bond Funds	\$22,000,000
6.	Urban Campus - Gateway CTC	
	Bond Funds	\$21,319,000
7.	Construct Materials Characterization/ICSET - Phase II -	
	Western Kentucky University	
	Bond Funds	\$4,500,000
8.	Renovate Science Complex Phase III - Western Kentucky	
	University	
	Bond Funds	\$9,000,000
9.	Replace Ford College of Business - Grise Hall Phase I -	

# Part VII - General Fund Surplus Expenditure Plan

	Western Kentucky University	
	Bond Funds	\$5,800,000
10.	EKU-UK Dairy Research Project (Meadowbrook Farm) -	
	Eastern Kentucky University	
	Bond Funds	\$5,300,000
11.	Expand/Renovate, Construct, or Acquire Existing	
	Structure for Betty White Nursing Complex -	
	Kentucky State University	
	Bond Funds	\$4,900,000;
	and	

(d) Increase support for the Budget Reserve Trust Fund.

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## Part VIII - Road Fund Budget Reduction Plan

### **BRANCH BUDGET**

There is established a Road Fund Budget Reduction Plan for fiscal year 2008-2009 and fiscal year 2009-2010. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of \$1,324,806,400 in fiscal year 2008-2009 and \$1,405,103,400 in fiscal year 2009-2010 as determined by KRS 48.120(3), the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

## **HOUSE REPORT**

The House concurs with the Branch.

### SENATE REPORT

The Senate concurs with the House.

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## Part IX - Road Fund Surplus Expenditure Plan

## **BRANCH BUDGET**

Notwithstanding KRS 48.140 and pursuant to KRS 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be deposited in the State Construction Account and utilized to support projects in the fiscal biennium 2008-2010 Biennial Highway Construction Program.

## **HOUSE REPORT**

The House concurs with the Branch.

#### SENATE REPORT

The Senate concurs with the House.

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#### Part X - Phase I Tobacco Settlement

#### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes language provisions that direct:

- "(1) General Purpose: This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.
- (2) State's MSA Share: The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.
- (3) MSA Payment Amount Variables: The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.
- (4) **Distinct Identity of MSA Payment Deposits:** The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a

#### Part X - Phase I Tobacco Settlement

distinct identity as Phase I Tobacco Settlement payments that, shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

- (5) MSA Payment Estimates and Adjustments: Based on the current estimates as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2008-2009 is \$119,690,000 and in fiscal year 2009-2010 is \$121,580,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. Any appropriations made from the estimated receipts are subject to adjustments based on actual receipts as received and certified by the Secretary of the Finance and Administration Cabinet.
- **a. State Enforcement:** Notwithstanding KRS 248.654, a total of \$275,000 of the MSA payments received each fiscal year of the 2008-2010 biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.
- **b. Agricultural Development Initiatives:** Fifty percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$59,707,500, and in fiscal year 2009-2010, estimated to be \$60,652,500, is appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives.
- **c. Early Childhood Development Initiatives:** Twenty-five percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$29,853,700, and in fiscal year 2009-2010, estimated to be \$30,326,300, is appropriated for Early Childhood Development Initiatives as specified below.
- **d. Health Care Initiatives:** Twenty-five percent of the MSA payments received, less the above enforcement appropriations, in fiscal year 2008-2009, estimated to be \$29,853,800, and in fiscal year 2009-2010, estimated to be \$30,326,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.
- (6) MSA Appropriation Adjustments Prior Year Receipts Received: In the event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are received in a subsequent fiscal year, those revenues are hereby appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood Development Fund, and 25 percent to the Health Care Improvement Fund.
- **a. Early Childhood Development:** From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Early Childhood Development Fund, the Early Childhood Development Authority shall recommend to the State Budget Director for approval the specific appropriations to be made to the existing initiatives.

#### Part X - Phase I Tobacco Settlement

**b. Health Care Improvement:** From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Health Care Improvement Fund, appropriations shall be made pursuant to KRS 304.17B-003(5).

#### B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

**Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

**Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in fiscal year 2008-2009 and \$9,000,000 in fiscal year 2009-2010 for the Environmental Stewardship Program.

**Debt Service:** To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

## C. EARLY CHILDHOOD DEVELOPMENT

**Early Childhood Development Program:** Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program.

HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, Reach Out and Read, and Kentucky Early Intervention Services First Steps: Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in fiscal years 2008-2009 and 2009-2010 for the Health Access Nurturing Development Services (HANDS) Program; \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives; \$2,313,400 in fiscal years 2008-2009 and 2009-2010 for Universal Children's Immunizations; \$400,000 in fiscal year 2008-2009 and \$400,000 in fiscal year 2009-2010 for the Folic Acid Program; \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in fiscal year 2009-2010 for Early Childhood Mental Health; \$510,500 in fiscal years 2008-2009 and 2009-2010 for Early Childhood Oral Health; \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for Reach Out and Read; and \$1,000,000 in fiscal years 2008-2009 and 2009-2010 for the Kentucky Early Intervention Services First Steps Program.

#### Part X - Phase I Tobacco Settlement

**Substance Abuse Prevention and Treatment:** Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment.

**Universal Newborn Hearing Screening and Vision Screening:** Included in the above General Fund (Tobacco) appropriation is \$352,000 in each fiscal year for the Universal Newborn Hearing Screening and Vision Screening programs.

**Children's Advocacy Centers:** Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for Children's Advocacy Centers.

**Early Childhood Scholarships:** Included in the above General Fund (Tobacco) appropriation is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 for Early Childhood Scholarships.

#### D. HEALTH CARE IMPROVEMENT APPROPRIATIONS

Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:

**Kentucky Access Program:** Included in the above General Fund (Tobacco) appropriation is \$19,551,300 in fiscal year 2008-2009 and \$19,881,900 in fiscal year 2009-2010 for the Kentucky Access Program.

**Smoking Cessation Program:** Included in the above General Fund (Tobacco) appropriation is \$2,793,000 in fiscal year 2008-2009 and \$2,840,300 in fiscal year 2009-2010 for the Smoking Cessation Program.

**Office of Drug Control Policy:** Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy.

**Ovarian Cancer Screening:** Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$775,000 in fiscal year 2008-2009 and \$775,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky."

#### Part X - Phase I Tobacco Settlement

#### HOUSE REPORT

The House concurs with the Branch with the following changes:

The House includes the following language under, "B. Agricultural Development Appropriations, 1. General Government, a. Governor's Office of Agricultural Policy":

- "(2) Tobacco Settlement Funds- Debt Service: Included in the above General Fund (Tobacco) appropriation is \$884,000 in fiscal year 2009-2010 for new debt service to support \$10,000,000 of new bonds as set forth in Part II, Capital Projects Budget, of this act for the Kentucky Agriculture Heritage Center.
- (3) Agricultural Development Appropriations: Notwithstanding KRS 248.703(1)(a), funds received in the Rural Development Fund that exceed the General Fund (Tobacco) dollars appropriated in fiscal year 2007-2008 pursuant to HB 380 (Part X, Phase I Tobacco Settlement, B. Agricultural Development Appropriations), shall not be subject to distribution to the counties account, as specified in KRS 248.703(1)(a)."

The House includes the following language under, "B. Agricultural Development Appropriations, 1. General Government":

## "b. Kentucky Infrastructure Authority

(1) Infrastructure for Economic Development for Non-Coal Producing Counties: Included in the above General Fund (Tobacco) appropriation is \$4,420,000 in fiscal year 2009-2010 for new debt service to support half of the new bonds as set forth in Part II, A., 3., 004., of this Act."

The House amends the following language under,"D. Health Care Improvement Appropriations, 4. Postsecondary Education, a. Council on Post Secondary Education":

"(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$975,000 in fiscal year 2008-2009 and \$975,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky. In each fiscal year, \$200,000 in Ovarian Cancer Screening funds shall be allotted for serum Ca-125 tests for women in families at or below 200 percent of the federal poverty level for whom the test has been prescribed by a health care practitioner."

#### Part X - Phase I Tobacco Settlement

#### SENATE REPORT

The Senate concurs with the House with the following changes:

The Senate deletes the following language under, "B. Agricultural Development Appropriations, 1. General Government":

## "b. Kentucky Infrastructure Authority

(1) Infrastructure for Economic Development for Non-Coal Producing Counties: Included in the above General Fund (Tobacco) appropriation is \$4,420,000 in fiscal year 2009-2010 for new debt service to support half of the new bonds as set forth in Part II, A., 3., 004., of this Act."

The Senate includes the following language under, "B. Agricultural Development Appropriations":

#### "4. POSTSECONDARY EDUCATION

## a. Council on Postsecondary Education

(1) **Debt Service:** Included in the above General Fund (Tobacco) appropriation is \$597,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Expand and Upgrade LDDC Phase II project as set forth in Part II, J., 8., of this Act.

## **b.** University of Kentucky

(1) **Oenology and Viticulture:** Included in the above General Fund (Tobacco) appropriation is \$250,000 in each fiscal year for the Oenology and Viticulture Program within the College of Agriculture to maintain the current level of staffing and services.

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
A - General Government	t								
Governor's Office of Agr	ricultural Policy	•							
Tobacco Settlement									
<b>Regular Appropriations</b> Reserve Spending	<b>31,800,100</b> 8,149,000	<b>31,800,100</b> 8,149,000		<b>35,291,000</b> 12,942,800	<b>35,041,000</b> 12,942,800	(250,000)	<b>31,814,600</b> 6,960,900	<b>35,387,600</b> 6,960,900	3,573,000
TOTAL	39,949,100	39,949,100		48,233,800	47,983,800	(250,000)	38,775,500	42,348,500	3,573,000
Kentucky Infrastructure	Authority								
Tobacco Settlement									
<b>Regular Appropriations</b> Reserve Spending							4,420,000		(4,420,000)
TOTAL							4,420,000		(4,420,000)
D - Department of Educa	ation								
<b>Learning and Results Ser</b>	rvices								
Tobacco Settlement									
Regular Appropriations	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
Reserve Spending	1,258,800	1,258,800							
TOTAL	2,867,200	2,867,200		1,525,000	1,525,000		1,525,000	1,525,000	
F - Environmental and P	ublic Protection	n Cabinet							
Natural Resources									
Tobacco Settlement									
<b>Regular Appropriations</b> Reserve Spending	<b>9,000,000</b> 9,152,800	<b>9,000,000</b> 9,152,800		9,000,000	9,000,000		9,000,000	9,000,000	
TOTAL	18,152,800	18,152,800		9,000,000	9,000,000		9,000,000	9,000,000	
Insurance									
Tobacco Settlement									
<b>Regular Appropriations</b> Reserve Spending	<b>19,180,200</b> 3,188,000	<b>19,180,200</b> 3,188,000		19,551,300	19,551,300		19,881,900	19,881,900	
TOTAL	22,368,200	22,368,200		19,551,300	19,551,300		19,881,900	19,881,900	

_	Fiscal Year 2007-2008		08	Fiscal Year 2008-2009			Fiscal Year 2009-2010		
_	House	Senate	House Difference Budget	Senate	D:00	House	Senate	D'66	
G E' 141 .	Budget	Budget	Difference Budget	Budget	Difference	Budget	Budget	Difference	
G - Finance and Admini	stration Cabinet								
Debt Service									
Tobacco Settlement									
Regular Appropriations	6,429,900	6,429,900	15,416,50	15,416,500		15,417,900	15,417,900		
Reserve Spending	9,017,500	9,017,500	.= =			.==			
TOTAL	15,447,400	15,447,400	15,416,50	00 15,416,500		15,417,900	15,417,900		
Revenue									
Tobacco Settlement									
<b>Regular Appropriations</b> Reserve Spending	175,000	175,000	275,00	00 275,000		275,000	275,000		
TOTAL	175,000	175,000	275,00	275,000		275,000	275,000		
H - Health and Family S	ervices Cabinet								
<b>General Administration</b>	and Program St	upport							
Tobacco Settlement									
Regular Appropriations	2,740,000	2,740,000	2,793,00	2,793,000		2,840,300	2,840,300		
Reserve Spending	806,900	806,900							
TOTAL	3,546,900	3,546,900	2,793,00	2,793,000		2,840,300	2,840,300		
<b>Commission for Childre</b>	n with Special H	lealth Care Nee	ds						
Tobacco Settlement									
Regular Appropriations	352,000	352,000	352,00	352,000		352,000	352,000		
Reserve Spending									
TOTAL	352,000	352,000	352,00	352,000		352,000	352,000		
Mental Health and Men	tal Retardation	Services							
Tobacco Settlement									
Regular Appropriations	800,000	800,000	975,00	975,000		975,000	975,000		
Reserve Spending	113,300	113,300							
TOTAL	913,300	913,300	975,00	975,000		975,000	975,000		
Public Health									
Tobacco Settlement									
Regular Appropriations	16,793,000	16,793,000	16,856,30	16,856,300		17,078,900	17,078,900		
Reserve Spending	3,757,500	3,757,500							
TOTAL	20,550,500	20,550,500	16,856,30	16,856,300		17,078,900	17,078,900		

_	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
<b>Human Support Service</b>	s								
Tobacco Settlement									
Regular Appropriations	100,000	100,000		175,000	175,000		175,000	175,000	
Reserve Spending	130,900	130,900							
TOTAL	230,900	230,900		175,000	175,000		175,000	175,000	
<b>Community Based Servi</b>	ces								
Tobacco Settlement									
Regular Appropriations	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
Reserve Spending	1,200,400	1,200,400							
TOTAL	9,670,800	9,670,800		8,970,400	8,970,400		9,220,400	9,220,400	
I - Justice and Public Sa	fety Cabinet								
<b>Justice Administration</b>									
Tobacco Settlement									
Regular Appropriations	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
Reserve Spending	271,700	271,700							
TOTAL	2,195,100	2,195,100		1,923,400	1,923,400		1,923,400	1,923,400	
K - Postsecondary Educa	ation								
Council on Postsecondar	ry Education								
Tobacco Settlement									
Regular Appropriations	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	6,277,600	597,000
Reserve Spending									
TOTAL	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	6,277,600	597,000
Kentucky Higher Educa	tion Assistance	Authority							
Tobacco Settlement									
Regular Appropriations	1,200,000	1,200,000		1,000,000	1,000,000		1,000,000	1,000,000	
Reserve Spending	208,600	208,600							
TOTAL	1,408,600	1,408,600		1,000,000	1,000,000		1,000,000	1,000,000	
<b>University of Kentucky</b>									
Tobacco Settlement									
Regular Appropriations					250,000	250,000		250,000	250,000
Reserve Spending									
TOTAL					250,000	250,000		250,000	250,000

_	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
_	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference	House Budget	Senate Budget	Difference
Statewide Totals									
Tobacco Settlement									
Regular Appropriations	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
Reserve Spending	37,255,400	37,255,400		12,942,800	12,942,800		6,960,900	6,960,900	
TOTAL	143,307,900	143,307,900		132,632,800	132,632,800		128,540,900	128,540,900	

**Special Parts** 

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# Part XII Insurance Coverage, Affordability and Relief To Small Employers (ICARE) Program

#### **BRANCH BUDGET**

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part XI, Insurance Coverage, Affordability, and Relief to Small Employers (ICARE) Program, includes language provisions that direct:

## "Section 1. As used in Sections 1 to 8 of this Part, unless the context requires otherwise:

- (1) "Consumer-driven health plan" means a health benefit plan, including a high deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health reimbursement arrangement that meets the requirements of Internal Revenue Code, Notice 2002-45, 2002-2 C.B. 93;
- (2) "Eligible employer" or "employer" means an individual that employs two to 25 employees, a corporation, including a foreign corporation, other than a governmental entity, that employs one or more residents of the Commonwealth, or a corporation or an unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec. 501(c), as amended and in effect for the taxable year. An eligible employer must employ no more than 25 employees and meet the eligibility requirements set forth in administrative regulations promulgated by the office. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the office or a third-party administrator selected in accordance with Section 5 of this Part;
- (3) "Eligible employee" or "employee" means an employee of an eligible employer whose business is located in the Commonwealth, who has not attained age 65 or is Medicare eligible, and who meets the financial and other eligibility standards set forth in administrative regulations promulgated by the office;
- (4) "Health risk assessment" means an assessment to prevent or minimize risk factors for disease and maintain wellness;

# Part XII Insurance Coverage, Affordability and Relief To Small Employers (ICARE) Program

- (5) "High-cost condition" means a diagnosed specific list of conditions representing the top 20 high-cost conditions in the small group market;
- (6) "ICARE Program participating insurer" means any insurer who offers a health benefit plan in the small group market;
- (7) "Office" means the Office of Insurance; and
- (8) "Qualified health benefit plan" means a health benefit plan as described in Section 3(2) of this Part.

### Section 2.

- (1) There is hereby created and established, under the supervision of the Office of Insurance, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, which is designed to make health insurance more affordable for small employer groups. The program is being piloted in the small group market and shall be limited to those employer groups with two to 25 employees, including small groups with two to 25 employees who are members of an employer-organized association. This program is in the final two years of a four-year pilot period.
- (2) All insurers that issue health benefit plans to employers with two to 25 employees, including employers participating in an employer-organized association, as a condition of doing business in Kentucky, shall be deemed an ICARE Program participating insurer.
- (3) The Office of Insurance may, subject to the provisions of this section, establish an employer health care incentive program for certain employers for the purpose of reducing the amount of contributions or payments made by those employers and employees toward the cost of qualified medical insurance and which shall consist of the following two programs:
- (a) An employer health care incentive program for the purpose of reducing the cost to employers and employees for providing qualified health benefit plan coverage under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income employees if the eligible employer pays 50 percent or more of the premium cost of that qualified health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have not provided employer-sponsored health benefit plan coverage to their employees within the previous 12 months; and
- (b) An employer health care incentive program for the purpose of reducing the cost to employers and employees for the purpose of obtaining or maintaining qualified health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible employer and employees if the eligible employer pays 50 percent or more of the premium cost of that health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have at least one employee with a high-cost condition. The office shall promulgate administrative regulations to establish a list of high-cost conditions for the ICARE Program.

# Part XII Insurance Coverage, Affordability and Relief To Small Employers (ICARE) Program

- (4) In order for an eligible employer to qualify for the ICARE Program, the average annual salary of the employer group shall not exceed 300 percent of the federal poverty level. This shall not include the annual salary of any person with an ownership interest in the employer group.
- (5) The office shall promulgate administrative regulations to establish guidelines for determination of preference for employer groups based upon federal poverty level, eligibility criteria, health care incentive payment procedures, program participating insurer and employer reporting requirements, and administrative guidelines for the ICARE Program.

#### Section 3.

- (1) Sections 1 to 8 of this Part shall not apply to an insurer that provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS insureds, or self-insured groups.
- (2) Each ICARE Program participating insurer shall offer at least three qualified health benefit plans to employers. A qualified health benefit plan shall be:
- (a) A consumer-driven health benefit plan, including a health reimbursement arrangement or health savings account;
- (b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-097; or
- (c) An enriched health benefit plan.
- (3) Each ICARE Program participating insurer shall offer at least one of each of the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject to the provisions of KRS 304.17A-220.
- (4) An ICARE Program participating insurer shall conduct a health risk assessment for each employee enrolled in the ICARE Program and offer a wellness program, case management services, and disease management services.
- (5) On and after July 1, 2007, an insurer shall be required to offer a premium rate that includes a healthy lifestyle discount for employers participating in the ICARE Program.
- (6) A separate class of business may be established for health benefit plan rate filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

### Section 4.

- (1) The amount of health care incentive paid shall be as follows:
- (a) Forty dollars per employee per month for eligible employers as defined in Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of ten dollars; and
- (b) Sixty dollars per employee per month for eligible employers as defined in Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of fifteen dollars.

# Part XII Insurance Coverage, Affordability and Relief To Small Employers (ICARE) Program

- (2) The office may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the office will pay a specified amount for health benefit plan coverage under specified circumstances.
- (3) Any allocated surplus remaining in the ICARE Program shall be carried forward to the next fiscal year and be used for the ICARE Program in subsequent years through the end of the pilot period as provided for under Section 2(1) of this Part.
- (4) The office may limit enrollment for the ICARE Program so not to exceed annual program funding.
- (5) A group shall be determined ineligible if the most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:
- (a) The group failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;
- (b) The group or any individual in the group performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or
- (c) The group or any individual engaged in intentional and abusive noncompliance with health benefit plan provisions.

#### Section 5.

- (1) The office may select a third-party administrator to administer the ICARE Program. The third-party administrator shall be an administrator licensed under this chapter by the office. The office shall consider criteria in selecting a third-party administrator that shall include but not be limited to the following:
- (a) A third-party administrator's proven ability to demonstrate performance of the following: eligibility determinations, enrollment, payment issuance, reconciliation processes, and data collection and reporting;
- (b) The total cost to administer the ICARE Program;
- (c) A third-party administrator's proven ability to demonstrate that the ICARE Program be administered in a cost-efficient manner; and
- (d) A third-party administrator's financial condition and stability.
- (2) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:
- (a) Develop and establish policies and procedures for eligibility determinations, enrollment, payment issuance, reconciliation processes, data collection and reporting, and other responsibilities determined by the office;
- (b) Submit reports to the office regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the office; and
- (c) Submit a monthly and annual report to the office. Both reports shall include:
- 1. Number of applicants;

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## **Employers (ICARE) Program**

- 2. Enrolled employer groups by insurance company;
- 3. Number of groups previously uninsured for a period of 12 months by insurance company;
- 4. Average premium per group by insurance company;
- 5. Number of groups eligible due to an individual with a high-cost condition by insurance company;
- 6. Total amount of health care incentive paid listed by insurance company; and
- 7. Any other information requested by the office.
- (3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the office and the third-party administrator.

#### Section 6.

- (1) The office shall establish and maintain the ICARE Program fund. All funds shall be held at interest, in a single depository designated in accordance with KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095. All expense and revenue transactions of the fund shall be posted to the Management Administrative Reporting System (MARS) and its successors; and
- (2) The office shall work with the Office of Health Policy within the Cabinet for Health and Family Services to review the availability of federal funds for the ICARE Program.

### **Section 7**

- (1) The office may implement Sections 1 to 8 of this Part through arrangements with other agencies of the Commonwealth.
- (2) The provisions of this section shall not give rise to, nor be construed as giving rise to, enforceable legal rights for any party or an enforceable entitlement to benefits other than to the extent that such rights or entitlements exist pursuant to the administrative regulations of the executive director of insurance.

### Section 8.

- (1) Each insurer authorized to offer health benefit plans in the Commonwealth shall disclose the availability of the health insurance purchasing program as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the initial offering and renewal of any health benefit plan, an insurer shall make a disclosure as part of its solicitation, sales material, and renewal information of the availability of the ICARE Program;
- (2) The manner and content of the disclosure as described in subsection (1) of this section shall be established through promulgation of administrative regulations by the Office of Insurance in coordination with the Cabinet for Health and Family Services.

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#### Section 9.

- (1) All insurers as defined in KRS 304.17A-005(24) shall provide upon request to the Cabinet for Health and Family Services, by electronic means and in the format prescribed by the cabinet, information in accordance with KRS 205.623.
- (2) All information obtained by the cabinet pursuant to this section shall be confidential and shall not be open to public inspection.

#### Section 10.

Pursuant to terms and conditions of Subtitle 17A of KRS Chapter 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the residents of the Commonwealth of Kentucky and the residents of contiguous states to purchase health benefit plan coverage among the states participating with the compact. The purposes of this compact are, through means of joint and cooperative action among the compacting states:

- (1) To promote and protect the interest of consumers purchasing health benefit plan coverage;
- (2) To develop uniform minimum standards for health benefit plan products covered under the compact, while ensuring that the standards established in Kentucky law and regulation are maintained and protected;
- (3) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform minimum standards; and
- (4) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance.

#### Section 11.

Any insurer violating Section 9 of this Part shall be fined not less than one hundred dollars (\$100) for each offense. Failure to respond to each request made by the Cabinet for Health and Family Services, as required under Section 9 of this Part, shall constitute a separate offense.

#### Section 12.

Notwithstanding KRS 304.17A.0952(8)(b), an insurer may establish a separate class of business to reflect substantial differences in expected claims experience or administrative cost because the insurer is offering a qualified health benefit plan under the ICARE Program pursuant to Section 3(3) of this Part.

#### Section 13.

Notwithstanding KRS 216.2921(1), the Cabinet for Health and Family Services shall make every effort to make health data findings that can serve as a basis to educate consumers on the cost and quality of health care and providers for the purpose of improving patient

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morbidity and mortality outcomes available to the public, and state and local leaders in health policy, through the cost-effective and timely use of the media and the Internet and through distribution of the findings to health facilities and health-care providers for further dissemination to their patients.

#### Section 14.

Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health and Family Services shall publish and make publicly available, pursuant to Section 18 of this Part, information on charges, quality, and outcomes of health care services provided, and information that relates to the health care financing and delivery system and health insurance premiums and benefits that is in the public interest.

Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize the Health Services Data Advisory Committee as a subcommittee, which shall include a member of the Division of Women's Physical and Mental Health, to define quality outcome measurements and to advise the cabinet on technical matters including review of administrative regulations promulgated pursuant to KRS Chapter 13A, proper interpretation of the data, and the most cost-effective manner in which it should be published and disseminated to the public. The Health Services Data Advisory Committee shall review and make recommendations to the secretary's advisory committee regarding exploration of technical matters related to data from other health care providers. The committee shall make recommendations on methods for risk adjusting any data prepared and published by the cabinet.

#### Section 15.

Notwithstanding KRS 216.2925(1), every hospital and ambulatory facility shall be required to report, on a quarterly basis, information regarding the charge for, quality, and outcomes of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data which, at the option of the provider is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements conform to the requirements established by the cabinet. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible. Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

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- (a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcomes shall be collected and published;
- (b) A timetable for filing the information provided for under paragraph (a) above on a quarterly basis;
- (c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;
- (d) An acceptable format for data submission which shall include use of the uniform:
- 1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet, if in the form of hard copy; or
- 2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network:
- (e) Procedures to allow health-care providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and
- (f) Procedures pertaining to the confidentiality of data collected.

Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall be coordinated with and not duplicative of other data-collection activities conducted by the Office of Insurance, as well as other state and national agencies and organizations that collect the same or substantially similar health-related service, utilization, quality, outcome, financial, or health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services, or the Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services.

#### Section 16.

Notwithstanding KRS 216.2927(3), no less than 60 days after reports are published and except as otherwise provided, the Cabinet for Health and Family Services shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and

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which was obtained for the annual period covered by the reports, available to the public. The Health Services Data Advisory Committee shall review at least annually current protocols related to the release of data referenced in this section and shall make recommendations to the cabinet advisory committee referenced in KRS 216.2923. Persons or organizations requesting use of these data shall agree to abide by a public use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. 164. The public use data agreement shall include at a minimum:

- (a) A prohibition against the sale or further release of data; and
- (b) Guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges. Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing electronic or multiple printed copies of the data.

#### Section 17.

Notwithstanding KRS 216.2929(1), the Cabinet for Health and Family Services shall make available on its Web site information on charges for health care services, which is updated at least annually, in understandable language with sufficient explanation to allow consumers to draw meaningful comparisons between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available. Any charge information compiled and reported by the cabinet shall include the median charge and other percentiles to describe the typical charges for all of the patients treated by a provider and the total number of patients represented by the charges, and shall be risk adjusted according to the recommendations of the Health Data Advisory Committee. The report shall clearly identify the sources of data used in the report and explain limitations of the data and why differences between provider charges may be misleading. Every provider that is specifically identified in any report shall be given 30 days to verify the accuracy of its data prior to public release and shall be afforded the opportunity to submit comments on its data that shall be included on the Web site and as part of any printed report of the data. The cabinet shall only provide linkages to organizations that publicly report comparative charge data for Kentucky providers using data for all patients treated regardless of payor source, which may be adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to comment on their data and includes such comments on the Web site and as part of any printed report of the data.

The Cabinet for Health and Family Services shall make information available on its Web site, describing quality and outcome measures, in understandable language with sufficient explanation to allow consumers to draw meaningful comparison between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available.

- (a) The cabinet shall utilize only national quality indicators that have been endorsed and adopted by the Agency for Healthcare Research and Quality, the National Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall provide linkages only to the following organizations that publicly report quality and outcome measures on Kentucky providers:
- 1. The United States Centers for Medicare and Medicaid Services;
- 2. The Agency for Healthcare Research and Quality;

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- 3. The Joint Commission on the Accreditation of Health Care Organizations; and
- 4. Other organizations that publicly report relevant outcome data for Kentucky health care providers, as determined by the Health Services Data Advisory Committee.
- (b) The cabinet shall utilize or refer the general public to only those nationally endorsed quality indicators that:
- 1. Are based upon current scientific evidence or relevant national professional consensus; and
- 2. Have definitions and calculation methods openly available to the general public at no charge.

Any report the cabinet disseminates or refers the public to shall:

- (a) Not include data for a provider whose caseload of patients is insufficient to make the data a reliable indicator of the provider's performance;
- (b) Afford providers specifically identified in the report 30 days to verify the accuracy of their data prior to the data's public release and the opportunity to submit comments on their data, which shall be included on the Web site and as part of any printed report of the data;
- (c) Clearly identify the sources of data used in the report and explain the analytical methods used in preparing the data included in the report; and
- (d) Explain any limitations of the data and how the data should be used by consumers.

#### Section 18.

Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and, for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327, psychologists licensed under KRS Chapter 319, social workers licensed under KRS Chapter 335, and durable medical equipment dealers holding an active Medicare DME provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists, psychologists, social workers, and durable medical equipment dealers holding an active Medicare DME provider number as a health care provider or provider under KRS 304.17A-005.

## Section 19.

Notwithstanding KRS 304.17A-704, within five business days from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or designee shall notify the provider, its billing agent, or designee that submitted the claim electronically, of all information that is missing from the billing instrument, of any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

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Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the provider, its billing agent, or designee that submitted the claim, in writing, of all information that is missing from the billing instrument, any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

#### Section 20.

Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay, deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following schedule on the amount of the claim that remains unpaid:

- (a) For claims that are paid between one and 30 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue from the date payment was due under KRS 304.17A-702; and
- (b) For claims that are paid more than 31 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from the date payment was due under KRS 304.17A-702

#### HOUSE REPORT

The House Concurs with the Branch with the following change:

The House amends the State/Executive Branch Budget Bill, Part XI, Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, to be Part XII.

#### SENATE REPORT

The Senate concurs with the House.

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## Part XIII -Base Realignment and Closure (BRAC)

#### **BRANCH**

The Branch Budget Bill contains no provisions relating to Revolving Account for Expanded Gaming Receipts or Base Realignment and Closure (BRAC).

#### **HOUSE REPORT**

The House adds Part XIII, Revolving Account for Expanded Gaming Receipts

#### REVOLVING ACCOUNT FOR EXPANDED GAMING RECEIPTS

There is created in the State Treasury a revolving account solely and expressly for the receipt of revenues that result from expanded gaming in fiscal year 2008-2009 and fiscal year 2009-2010. The revenues deposited in this revolving account shall be used exclusively for education, human services including health care, local government, the support of horse breeding and horse racing industries, and the treatment and prevention of compulsive gambling and alcohol and drug abuse as authorized by the General Assembly. Any interest earnings of the revolving account shall become a part of the revolving account. Notwithstanding KRS 45.229, any revolving account amount or any interest earnings that become a part of the revolving account not expended at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year.

#### SENATE REPORT

The Senate deletes the House language related to "Revolving Account for Expanded Gaming Receipts" and adds the following language, in Part XIII, relating to "Base Relignment and Closure (BRAC)".

## "BASE REALIGNMENT AND CLOSURE (BRAC)

Section 1. (1) The BRAC Economic Development Commission is hereby created for the purpose of administering the BRAC Economic Development Fund created pursuant to Section 3 of this Part. The commission shall consist of the following members:

- (a) The Secretary of the Cabinet for Economic Development, or a designee, who shall serve as chairman;
- (b) The Garrison Commander of Fort Knox, who shall serve only in an advisory capacity;
- (c) The Secretary of the Transportation Cabinet;
- (d) The Executive Director of the School Facilities Construction Commission; and
- (e) The President of the Kentucky Community and Technical College System.
- (2) Commission members shall be reimbursed for ordinary travel expenses, including meals and lodging, incurred in the performance of duties incident to the provisions of Sections 1 to 3 of this Part.

## Part XIII -Base Realignment and Closure (BRAC)

- (3) A majority of the entire membership of the Commission shall constitute a quorum.
- (4) Meetings of the Commission shall be held at least twice a year but may be held more frequently as deemed necessary, subject to the call by the chairman or by request of a majority of the commission members. Commission meetings shall concern, among other things, policy matters relating to Base Realignment and Closure (BRAC) 2005 related projects, reports, grant awards, and other matters necessary to carry out the intent of Sections 1 to 3 of this Part.
- (5) No member of the Commission shall be subject to any personal liability or accountability for any loss sustained or damage suffered on account of any action or inaction of the board.
- (6) The commission shall be attached to the Cabinet for Economic Development for administrative purposes.

## Section 2. The BRAC Economic Development Commission shall:

- (1) Formulate policies and procedures necessary to carry out Sections 1 to 3 of this Part;
- (2) Promulgate administrative regulations necessary to carry out Sections 1 to 3 of this Part;
- (3) Provide strategic planning to position the Commonwealth to attract new missions to its federal military installations in the future and to provide funding for projects, undertaken and financed under Sections 1 to 3 of this Part, related to the expansion of military missions under Base Realignment and Closure (BRAC) 2005 or future BRAC reports.
- (a) Subject to the availability of moneys, the Commission may award a grant to an applicant if that application is BRAC-related. An application is BRAC-related if the funds requested are for expenses incurred, or to be incurred, for infrastructure and programmatic requirements to accommodate unanticipated growth in communities which are in close proximity to, or provide services to, federal military installations in Kentucky. Selection criteria shall include but not be limited to the following:
- 1. Transportation;
- 2. Education;
- 3. Workforce:
- 4. Health and Human Services; and
- 5. Infrastructure.
- (b) The commission shall adopt a BRAC strategic plan designed to enhance Kentucky's position to support and attract new missions to its federal military installations and establish a process to track the federal BRAC process. The commission shall make a report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection by November 30 of each year regarding the status of the BRAC strategic plan and the federal BRAC process;
- (4) Review and approve all progress and final reports on projects authorized under Sections 1 to 3 of this Part;
- (5) Ensure that state funds are not diverted to any other use than that outlined in Sections 1 to 3 of this Part; and

## Part XIII -Base Realignment and Closure (BRAC)

- (6) Following the approval by the commission, present the project, with supporting documentation, for review and recommendation at the next regularly scheduled meeting of the Capital Projects and Bond Oversight Committee. The Secretary of the Cabinet for Economic Development, or his designee, shall present the project on behalf of the Commission.
- Section 3. (1) The bond proceeds received from Part I, L., 3., (3) and Part II, C., 2., 001., except for the proceeds allotted under subsection (1) of Part II, C., 2., 001., of this Act shall be credited to the BRAC economic development fund which is hereby created.
- (2) Federal funds or other funds which may be made available to supplement or match state funds for BRAC 2005-related purposes or future BRAC-related purposes shall be credited to the fund created in subsection (1) of this section.
- (3) Funds deposited to the credit of the BRAC Economic Development Fund shall be used for grants as outlined in subsection (3) of Section 2 of this Part. Any moneys that the Transportation Cabinet may receive from the BRAC Economic Development Commission shall be used in accordance with the commission's guidelines.
- (4) Notwithstanding KRS 45.229, moneys contained in the BRAC economic development fund shall not lapse but shall be carried forward to the next fiscal year."

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## Part XIV - Military Service Rebate Fund

#### **BRANCH**

The State/Executive Branch Budget Bill contains no provisions relating to State Procurement of Electronic Equipment or the Military Service Rebate Fund.

#### **HOUSE REPORT**

The House adds Part XIV, State Procurement of Electronic Equipment.

# "STATE PROCUREMENT OF ELECTRONIC EQUIPMENT

Notwithstanding KRS 48.310, the following statutes are amended or created to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 45A.030 is amended to read as follows:

As used in this code, unless the context requires otherwise:

- (1) "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity through which business is conducted;
- (2) "Change order" means a written order signed by the purchasing officer, directing the contractor to make changes that the changes clause of the contract authorizes the purchasing officer to order without the consent of the contractor;
- (3) "Chief purchasing officer" means the secretary of the Finance and Administration Cabinet, who shall be responsible for all procurement of the Commonwealth except as provided by KRS Chapters 175, 176, 177, and 180;
- (4) "Construction" means the process of building, altering, repairing, improving, or demolishing any public structures or buildings, or other public improvements of any kind to any public real property. It does not include the routine maintenance of existing structures, buildings, or real property;
- (5) "Construction manager-agency" means services to assist the purchasing agency manage construction that are procured through a contract that is qualifications-based;
- (6) "Construction management-at-risk" means a project delivery method in which the purchasing officer enters into a single contract with an offeror that assumes the risk for construction at a contracted guaranteed maximum price as a general contractor, and provides consultation and collaboration regarding the construction during and after design of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;
- (7) "Contract" means all types of state agreements, including grants and orders, for the purchase or disposal of supplies, services, construction, or any other item. It includes awards; contracts of a fixed-price, cost, cost-plus-a-fixed-fee, or incentive type;

- contracts providing for the issuance of job or task orders; leases; letter contracts; purchase orders; and insurance contracts except as provided in KRS 45A.022. It includes supplemental agreements with respect to any of the foregoing;
- (8) "Contract modification" means any written alteration in the specifications, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions of any existing contract, whether accomplished by unilateral action in accordance with a contract provision or by mutual action of the parties to the contract. It includes bilateral actions, such as supplemental agreements, and unilateral actions, such as change orders, administrative changes, notices of termination, and notices of the exercise of a contract option;
- (9) "Contractor" means any person having a contract with a governmental body;
- (10) "Data" means recorded information, regardless of form or characteristic;
- (11) "Design-bid-build" means a project delivery method in which the purchasing officer sequentially awards separate contracts, the first for architectural, engineering, or engineering-related services to design the project and the second for construction of the capital project according to the design. The contract shall be subject to the bonding requirements of KRS 45A.185;
- (12) "Design-build" means a project delivery method in which the purchasing officer enters into a single contract for design and construction of a capital project. The contract shall be subject to the bonding requirements of KRS 45A.190;
- (13) "Designee" means a duly authorized representative of a person holding a superior position;
- (14) "Document" means any physical embodiment of information or ideas, regardless of form or characteristic, including electronic versions thereof;
- (15) "Electronic equipment" means any device powered by electricity;
- "Employee" means an individual drawing a salary from a governmental body, whether elected or not, and any nonsalaried individual performing personal services for any governmental body;
- (17)[(16)] "Governmental body" means any department, commission, council, board, bureau, committee, institution, legislative body, agency, government corporation, or other establishment of the executive or legislative branch of the state government;
- (18)<del>[(17)]</del> "Meeting" means all gatherings of every kind, including video teleconferences;
- (19)[(18)] "Negotiation" means contracting by either the method set forth in KRS 45A.085, 45A.090, or 45A.095;
- (20)[(19)] "Person" means any business, individual, organization, or group of individuals;
- (21)[(20)] "Procurement" means the purchasing, buying, renting, leasing, or otherwise obtaining of any supplies, services, or construction. It includes all functions that pertain to the procurement of any supply, service, or construction item, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration;
- (22)[(21)] "Purchase request" or "purchase requisition" means that document whereby a using agency requests that a contract be obtained for a specified need, and may include, but is not limited to, the technical description of the requested item, delivery

- schedule, transportation, criteria for evaluation of solicitees, suggested sources of supply, and information supplied for the making of any written determination and finding required by KRS 45A.025;
- (23)[(22)] "Purchasing agency" means any governmental body that is authorized by this code or its implementing administrative regulations or by way of delegation from the chief purchasing officer to contract on its own behalf rather than through the central contracting authority of the chief purchasing officer;
- (24)[(23)] "Purchasing officer" means any person authorized by a governmental body in accordance with procedures prescribed by administrative regulations to enter into and administer contracts and make written determinations and findings with respect thereto. The term includes an authorized representative acting within the limits of authority;
- (25)[(24)] "Services" means the rendering by a contractor of its time and effort rather than the furnishing of a specific end product, other than reports that are merely incidental to the required performance of services;
- (26)[(25)] "Supplemental agreement" means any contract modification that is accomplished by the mutual action of the parties;
- (27)[(26)] "Supplies" means all property, including but not limited to leases of real property, printing, and insurance, except land or a permanent interest in land;
- (28)[(27)] "Using agency" means any governmental body of the state that utilizes any supplies, services, or construction purchased under this code;
- (29)[(28)] "Video teleconference" means one (1) meeting, occurring in two (2) or more locations, where individuals can see and hear each other by means of video and audio equipment; and
- (30)[(29)] "Writing" or "written" means letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation.

  → Section 2. KRS 45A.045 is amended to read as follows:
- (1) The Finance and Administration Cabinet shall serve as the central procurement and contracting agency of the Commonwealth.
  - (a) The cabinet shall require all agencies to furnish an estimate of specific needs for supplies, materials, and equipment to be purchased by competitive bidding for the purpose of permitting scheduling of purchasing in large volume. The cabinet shall establish and enforce schedules for purchasing supplies, materials, and equipment. In addition, prior to the beginning of each fiscal year all agencies shall submit to the Finance and Administration Cabinet an estimate of all needs for supplies, materials, and equipment during that year which will have to be required through competitive bidding.
  - (b) The Finance and Administration Cabinet shall have power, with the approval of the secretary of the Finance and Administration Cabinet, to transfer between departments, to salvage, to exchange, and to condemn supplies, equipment, and real property.
  - (c) The Finance and Administration Cabinet shall attempt in every practicable way to ensure that state agencies are fulfilling their business needs through the application of the best value criteria.

- (2) The Finance and Administration Cabinet shall recommend regulations, rules, and procedures and shall have supervision over all purchases by the various spending agencies, except as otherwise provided by law, and, subject to the approval of the secretary of the Finance and Administration Cabinet, shall promulgate administrative regulations to govern purchasing by or for all these agencies. The cabinet shall publish a manual of procedures which shall be incorporated by reference as an administrative regulation pursuant to KRS Chapter 13A. This manual shall be distributed to agencies and shall be revised upon issuance of amendments to these procedures. No purchase or contract shall be binding on the state or any agency thereof unless approved by the Finance and Administration Cabinet or made under general administrative regulations promulgated by the cabinet.
- (3) The Finance and Administration Cabinet shall purchase or otherwise acquire, or, with the approval of the secretary, may delegate and control the purchase and acquisition of the combined requirements of all spending agencies of the state, including, but not limited to, interests in real property, contractual services, rentals of all types, supplies, materials, equipment, and services.
- (4) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of any interest in real property of the state which is not needed, or has become unsuitable for public use, or would be more suitable to the public's interest if used in another manner, as determined by the secretary of the Finance and Administration Cabinet. The determination of the secretary of the Finance and Administration Cabinet shall be set forth in an order and shall be reached only after review of a written request by the agency desiring to dispose of the property. This request shall describe the property and state the reasons why the agency believes the property should be disposed. All instruments required by law to be recorded which convey any interest in any real property so disposed of shall be executed and signed by the secretary of the Finance and Administration Cabinet and approved by the Governor. Unless the secretary of the Finance and Administration Cabinet deems it in the best interest of the state to proceed otherwise, all interests in real property shall be sold either by invitation of sealed bids or by public auction. The selling price of any interest in real property shall not be less than the appraised value thereof as determined by the cabinet, or the Transportation Cabinet for the requirements of that cabinet.
- (5) The Finance and Administration Cabinet shall sell, trade, or otherwise dispose of all personal property of the state that is not needed, or has become unsuitable for public use, or would be more suitable to the public's interest if used in another manner, or, with the approval of the secretary, may delegate the sale, trade, or other disposal of the personal property. In the event the authority is delegated, the method for disposal shall be determined by the agency head, in accordance with administrative regulations promulgated by the Finance and Administration Cabinet, and shall be set forth in a document describing the property and stating the method of disposal and the reasons why the agency believes the property should be disposed of. In the event the authority is not delegated, requests to the Finance and Administration Cabinet to sell, trade, or otherwise dispose of the property shall describe the property and state the reasons why the agency believes the property should be disposed of. The method for disposal shall be determined by the Division of Surplus Properties, and approved by the secretary of the Finance and Administration Cabinet or his or her designee.

- (6) The Finance and Administration Cabinet shall exercise general supervision and control over all warehouses, storerooms, and stores and of all inventories of supplies, services, and construction belonging to the Commonwealth. The cabinet shall promulgate administrative regulations to require agencies to take and maintain inventories of plant property, buildings, structures, other fixed assets, and equipment. The cabinet shall conduct periodic physical audits of inventories.
- (7) The Finance and Administration Cabinet shall establish and maintain programs for the development and use of purchasing specifications and for the inspection, testing, and acceptance of supplies, services, and construction.
- (8) Nothing in this section shall prevent the Finance and Administration Cabinet from negotiating with vendors who maintain a General Services Administration price agreement with the United States of America or any agency thereof. No contract executed under this provision shall authorize a price higher than is contained in the contract between the General Services Administration and the vendor affected.
- (9) Except as provided in KRS Chapters 175, 176, 177, and 180, and subject to the provisions of this code, the Finance and Administration Cabinet shall purchase or otherwise acquire all real property determined to be needed for state use, upon approval of the secretary of the Finance and Administration Cabinet as to the determination of need and as to the action of purchase or other acquisition. The amount paid for this real property shall not exceed the appraised value as determined by the cabinet or the Transportation Cabinet (for such requirements of that cabinet), or the value set by eminent domain procedure. Subject to the provisions of this code, real property or any interest therein may be purchased, leased, or otherwise acquired from any officer or employee of any agency of the state upon a finding by the Finance and Administration Cabinet, based upon a written application by the head of the agency requesting the purchase, and approved by the secretary of the Finance and Administration Cabinet and the Governor, that the employee has not either himself or herself, or through any other person, influenced or attempted to influence either the agency requesting the acquisition of the property or the Finance and Administration Cabinet in connection with such acquisition. Whenever such an acquisition is consummated, the request and finding shall be recorded and kept by the Secretary of State along with the other documents recorded pursuant to the provisions of KRS Chapter 56.
- (10) The Finance and Administration Cabinet shall maintain records of all purchases and sales made under its authority and shall make periodic summary reports of all transactions to the secretary of the Finance and Administration Cabinet, the Governor, and the General Assembly. The Finance and Administration Cabinet shall also report trends in costs and prices, including savings realized through improved practices, to the above authorities. The Finance and Administration Cabinet shall also compile an annual report of state purchases by all spending agencies in the state's statewide accounting and reporting system. The report format shall include, but not be limited to, dollar amount, volume, type of purchase, and vendor.
- (11) For capital construction projects, subject to the provisions of this code and KRS 45A.180, the procurement may be on whichever of the following alternative project delivery methods, in the judgment of the secretary of the Finance and Administration Cabinet

## Part XIV - Military Service Rebate Fund

after first considering the traditional design-bid-build project delivery method, offers the best value to the taxpayer:

- (a) A design-build basis; or
- (b) A construction management-at-risk basis.

Proposals shall be reviewed by the engineering staff to assure quality and value, and compliance with procurement procedures. All specifications shall be written to promote competition. Nothing in this section shall prohibit the procurement of phased bidding or construction manager-agency services.

- (12) The Finance and Administration Cabinet shall have control and supervision over all purchases of energy-consuming equipment, supplies, and related equipment purchased or acquired by any agency of the state as provided in this code, and shall promulgate administrative regulations to designate the manner in which an energy-consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products. Major energy components shall be amortized on a seven (7) to ten (10) years' recovery basis and shall take into consideration the projected cost of fuel. The Finance and Administration Cabinet, in consultation with the Cabinet for Economic Development, shall conduct a thorough economic feasibility analysis on any major energy-using component of at least three million (3,000,000) BTU's per hour heat input and shall issue a certificate of economic feasibility prior to the Finance and Administration Cabinet's purchasing or retrofitting any such component that utilizes any fuel other than coal. The economic feasibility analysis shall consist of life-cycle cost comparisons of a component that would utilize coal and one(s) that would utilize any fuel other than coal. For the analysis, the Finance and Administration Cabinet shall provide detailed estimates of equipment purchase price, installation cost, annual operation and maintenance costs, and usage patterns of energy-using components.
- (13) For all procurement of electronic equipment, the Finance and Administration Cabinet shall issue separate bid documents for the hardware required and for any contract for services relating to the hardware.
  - → Section 3. KRS 164A.575 is amended to read as follows:
- (1) The governing boards of each institution may elect to purchase interest in real property, contractual services, rentals of all types, supplies, materials, equipment, printing, and services, except that competitive bids may not be required for:
  - (a) Contractual services where no competition exists;
  - (b) Food, clothing, equipment, supplies, or other materials to be used in laboratory and experimental studies;
  - (c) Instructional materials available from only one (1) source;
  - (d) Where rates are fixed by law or ordinance;
  - (e) Library books;
  - (f) Commercial items that are purchased for resale;
  - (g) Professional, technical, scientific, or artistic services, but contracts shall be submitted in accordance with KRS 45A.690 to 45A.725;

- (h) All other commodities, equipment, and services which, in the reasonable discretion of the board, are available from only one (1) source; and
- (i) Interests in real property.
- (2) Nothing in this section shall deprive the boards from negotiating with vendors who maintain a General Services Administration price agreement with the United States of America or any agency thereof, provided, however, that no contract executed under this provision shall authorize a price higher than is contained in the contract between General Services Administration and the vendor affected.
- (3) The governing board shall require the institution to take and maintain inventories of plant and equipment.
- (4) The governing board shall establish procedures to identify items of common general usage among all departments to foster volume purchasing. It shall establish and enforce schedules for purchasing supplies, materials, and equipment.
- (5) The governing board shall have power to salvage, to exchange, and to condemn supplies, equipment, and real property.
- (6) Upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. The amount paid shall not exceed the appraised value as determined by a qualified appraiser or the value set by the eminent domain procedure. Any real property acquired under this section shall be in name of the Commonwealth for the use and benefit of the institution.
- (7) The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order, and shall be reached only after review of a written request by the institution desiring to dispose of the property. Such request shall describe the property and state the reasons why the institution believes disposal should be effected. All instruments required by law to be recorded which convey any interest in any such real property so disposed of shall be executed and signed by the appropriate officer of the board. Unless the board deems it in the best interest of the institution to proceed otherwise, all such real or personal property shall be sold either by invitation of sealed bids or by public auction; provided, however, that the selling price of any interest in real property shall not be less than the appraised value thereof as determined by the Finance and Administration Cabinet or the Transportation Cabinet for such requirements of that department.
- (8) Real property or any interest therein may, subject to the provisions of KRS Chapter 45A, be purchased, leased, or otherwise acquired from any officer or employee of any board of the institution, based upon a written application by the grantor or lessor approved by the board, that the employee has not either himself or through any other person influenced or attempted to influence either the board requesting the purchase of the property. In any case in which such an acquisition is consummated, the said request and finding shall be recorded and kept by the Secretary of State along with the other documents recorded pursuant to the provisions of KRS Chapter 56.

## Part XIV - Military Service Rebate Fund

- (9) (a) As used in this section, "construction manager-agency," "construction management-at-risk," "design-bid-build," and "design-build" shall have the same meaning as in KRS 45A.030.
  - (b) For capital construction projects, the procurement may be on a total design-bid-build basis, a design-build basis, or construction management-at-risk basis, whichever in the judgment of the board offers the best value to the taxpayer. Proposals shall be reviewed by the institution's engineering staff to assure quality and value, and compliance with procurement procedures. All specifications shall be written to promote competition. Services for projects delivered on the design-build basis or construction management-at-risk basis shall be procured in accordance with KRS 45A.180 and the regulations promulgated in accordance with KRS 45A.180. Nothing in this section shall prohibit the procurement of construction manager-agency services.
- (10) The governing board shall attempt in every practicable way to insure the institution's supplying its real needs at the lowest possible cost. To accomplish this the board may enter into cooperative agreements with other public or private institutions of education or health care.
- (11) The governing board shall have control and supervision over all purchases of energy consuming equipment, supplies, and related equipment purchased or acquired by the institution, and shall designate by regulation the manner in which an energy consuming item will be purchased so as to promote energy conservation and acquisition of energy efficient products.
- (12) The governing board may negotiate directly for the purchase of contractual services, supplies, materials, or equipment in bona fide emergencies regardless of estimated costs. The existence of the emergency must be fully explained, in writing, by the vice president responsible for business affairs and such explanation must be approved by the university president. The letter and approval shall be filed with the record of all such purchases. Where practical, standard specifications shall be followed in making emergency purchases. A good faith effort shall be made to effect a competitively established price for emergency purchases.
- (13) For all procurement of electronic equipment, the governing board shall issue separate bid documents for the hardware required and for any contract for services relating to the hardware."

#### SENATE REPORT

The Senate replaces the House provisions related to "State Procurement of Electronic Equipment" with the language below, in Part XIV, relating to the "Military Service Rebate Fund".

### "MILITARY SERVICE REBATE FUND

## Part XIV - Military Service Rebate Fund

- Section 1. (1) The Military Service Rebate Fund is created as a separate revolving fund. The fund shall consist of state appropriations and any other proceeds from grants, contributions, gifts, donations, or other moneys made available for the purpose of the fund.
- (2) The fund shall be administered by the Finance and Administration Cabinet and shall exist for the purpose of receipt and expenditure of moneys for the Military Service Rebate Program as provided by Section 2 of this Part. Moneys shall be paid from the fund to the Department of Revenue for distribution to military members qualifying for a rebate under Section 2 of this Part.
  - (3) Moneys in the fund are hereby appropriated for the purposes set forth in subsection (2) of this section.
- (4) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of a fiscal year shall not lapse but shall carry forward into the succeeding fiscal year. Interest earned on any moneys in the fund shall accrue to the fund.

Section 2. (1) As used in this section:

- (a) "Military member" means any active duty member of the:
  - 1. Armed Forces of the United States;
  - 2. Reserve components of the Armed Forces of the United States; or
  - 3. National Guard; and
- (b) "Military pay" means compensation paid to a military member while on active duty, including compensation for state active duty as described in KRS 38.205.
- (2) (a) Beginning on or after July 1, 2009, so long as funds are available in the fund established by Section 1 of this Part, a military member may apply to the department for a rebate equal to the amount of income tax paid on military pay received during any taxable period beginning on or after January 1, 2008. An application for rebate shall be filed by the military member within one (1) year from the date the tax payment was made to the State Treasury.
  - (b) All approved rebates shall be paid from the Military Service Rebate Fund established in Section 1 of this Part.
  - (c) No interest shall be allowed or paid on any military service rebate issued by the department.
  - (d) All claims for rebate shall be satisfied on a first-come first-served basis. If all moneys within the Military Service Rebate Fund established by Section 1 of this Part have been expended, no further rebates shall be issued.
- (3) The department shall develop a military service rebate application form. The department may promulgate administrative regulations to administer this section.
- Section 3. There is appropriated to the Military Service Rebate Fund, established in Section 1 of this Part, \$10,000,000 in General Fund moneys in fiscal year 2009-2010 which shall be used for the Military Service Rebate Program provided by Section 2 of this Part. Any additional resources needed to fully fund this program shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705)."

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